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Daily Report

East Asia

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CONTENTS

19 December 1994

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

U.S., Japan, ROK Agree on Setting Up KEDO [KYODO]	1
Asia-Africa Forum Ends With Call for Development [Jakarta Radio]	1

INTER-ASIAN AFFAIRS

Further on Indonesia-Malaysia-Thailand Meeting	2
Growth Triangle Meeting Ends [Jakarta Radio]	2
Thai Official Calls Meeting 'Success' [Bangkok Radio]	2
Indonesia, Malaysia, Singapore Sign MOU [Singapore Radio]	2

NORTHEAST ASIA

Japan

Resumption of Financial Sector Talks Discussed [ASAHI SHIMBUN 18 Dec]	3
Officials Expect Accord [KYODO]	3
Glass Imports Depend on Efforts of U.S. Firms [NIHON KEIZAI SHIMBUN 14 Dec]	3
DPRK Helicopter Incident Said Not Worrisome [KYODO]	4
DPRK Reaction to Incident Viewed [NIHON KEIZAI SHIMBUN 18 Dec]	4
Tokyo To Buy Two Gulfstream Aircraft in FY95 [KYODO]	5
U.S. Interest in Tokyo's ODA Programs Observed [NIHON KEIZAI SHIMBUN 14 Dec]	5
Testimony on Bacteriological Experiments Unveiled [KYODO]	6
Paris Club Agrees To Raise Debt Write-Off Ratio [KYODO]	6
PRC-DPRK Discord Over Nuclear Issue Viewed [MAINICHI SHIMBUN 17 Dec]	7
Schedule Set for APEC Informal Summit in Osaka [KYODO]	7
Osaka Preparations Increase [KYODO]	7
Tokyo To Offer 580 Billion Yen Loan to PRC [KYODO]	7
MOF To Revise Foreign Firm Reporting Rules [NIHON KEIZAI SHIMBUN 19 Dec]	8
Significance of Trade Surplus Figures Disputed [SEIRON Dec]	8
Murayama Sends Appointment Letter To New BOJ Head [KYODO]	10
Matsushita Comments on Economy [KYODO]	10
Tokyo To Maintain Stringent Budget Policy for FY95 [KYODO]	11
2.9 Percent Drop Planned [KYODO]	11
FY95 Defense Spending Growth Held to 0.855% [KYODO]	12
DA To Increase USFJ Allocation [MAINICHI SHIMBUN 16 Dec]	12
Murayama on Cut in Defense Spending [KYODO]	13
Igarashi Wants Curb on Growth [NIHON KEIZAI SHIMBUN 16 Dec]	13
Impact of Budget Cuts Cited [SANKEI SHIMBUN 14 Dec]	13
Budget Outline Calls for Greater R&D Spending [NIHON KEIZAI SHIMBUN 16 Dec]	14
More Spending for Information Networks Decided [KYODO]	14
Cabinet Committed to Administrative Reform [KYODO]	15
Kaifu To Challenge Murayama to Personal Debate [KYODO]	15
Poll: 15 Percent Support New Frontier Party [NIHON KEIZAI SHIMBUN 13 Dec]	15
Shinshinto, 'New Political Landscape' Analyzed [YOMIURI SHIMBUN 13 Dec]	16
SDPJ Delegates Approve Proposal for New Party [KYODO]	17
Murayama Criticizes Call To Disband SDPJ [KYODO]	18
LDP's Mori Lauds SDPJ Decision To Postpone Rebirth [KYODO]	18
SDPJ Likely To Hold Special Convention 21 Jan [KYODO]	19
* SDPJ's Kubo Discusses 'New Liberal Party' [SHUKAN YOMIURI 13 Nov]	19
Komei Head Discusses Political Strategy [AERA 12 Dec]	22

Channels Reopened for Corporate Political Funding [KYODO]	24
Murayama Criticizes Resumption [KYODO]	25
Shareholders Seek Ban [KYODO]	25
LDP Committee Cautious on Constitutional Revision [KYODO]	26
Toyota Expects Domestic Sales To Increase [KYODO]	26
Council Not To Compile Imported Auto Parts Records [ASAHI SHIMBUN 16 Dec]	26
Rise in Demand for Specialty Steel Expected [KYODO]	26
Financial, Manufacturing Hollowing Out Addressed [THIS IS YOMIURI Nov]	27

North Korea

Shooting Down of Helicopter Over MDL Announced [Pyongyang Radio]	32
U.S. Military Cited on Incident [KYODO]	33
KCNA Version of Helicopter Downing	33
U.S. Congressman Richardson Arrives 17 Dec [Pyongyang TV]	33
Meets SPA Chairman [KCNA]	33
Talks With Foreign Minister [KCNA]	33
Ministry Delegation for Talks in U.S. Returns [Pyongyang Radio]	33
U.S., ROK Conduct 'War Exercise' 15-16 Dec [Pyongyang Radio]	33
More on War Exercise [KCNA]	34
ROK Commits 'Provocative Act' [Pyongyang Radio]	34
Association of Koreans in Japan Denounces ROK [KCNA]	34
Pomminnyon Denounces Kim Yong-sam in Statement [KCNA]	35
ROK Dissidents Demand Abolition of NSL [KCNA]	35
CPRF Denounces Suppression of Hanchongnyon [KCNA]	35
Paper Criticizes Kim Yong-sam's Remarks [KCNA]	36
Groups To Save ROK 'Political Prisoner' [KCNA]	36
Women's Group Urges Return of Prisoners [KCNA]	36
Peruvian Public Urges Release [KCNA]	36
Koreans in Japan Denounce 'Spy Case' [KCNA]	37
UN Delegate: Japan Must 'Sincerely Atone' [KCNA]	37
More on 'Past Crimes' [KCNA]	38
More on 'Comfort Women' Issue [KCNA]	38
Ex-'Comfort Women' Speak [KCNA]	38
'Concealed' Report Claimed [KCNA]	39
Meeting for Japan-DPRK Friendship Held [KCNA]	39
SPA Chairman Greets Mozambican Counterpart [KCNA]	40
Anniversary of DPRK-Austria Ties Marked [KCNA]	40
CPC Cadre Delegation at Statue of Kim Il-song [KCNA]	40
Overseas Groups Praise Kim Chong-il [KCNA]	40
African Group Leader Gives Gift to Kim [KCNA]	41
People Seek Thanks From Kim Chong-il [KCNA]	41
Kim Chong-il Lauded as Supreme Commander [KCNA]	41
Leaders Inspect Friendship Exhibition Center [Pyongyang Radio]	41
Officials at Exhibit [KCNA]	42
Anniversary of Kim Il-song's Work on Economics [KCNA]	42
WPK Publishing House Releases Memoirs [KCNA]	43
Further on Memoirs [KCNA]	43
Interview on 'Socialist Law-Abiding Work' [Pyongyang Radio]	44
Construction of Hungju Power Plant Reported [Pyongyang Radio]	44
Increase in Power Plant Production [Pyongyang Radio]	44
Radio on Power Equipment Assembly Enterprise [Pyongyang Radio]	45
Second Stage Construction of Bridge Reported [KCNA]	45

South Korea

U.S. Helicopter Involved in Incident in DPRK [YONHAP]	45
Helicopter 'Strayed' Across DMZ [YONHAP]	46
'Accident' Due to Crewmen 'Error' [YONHAP]	46
MAC Meeting Held Over Incident [YONHAP]	46
Pilot Said Killed by DPRK Fire [YONHAP]	47

White House Confirms One Dead [YONHAP]	47
DPRK Rejects U.S. Contact Request [YONHAP]	47
President Kim Pledges Assistance [YONHAP]	48
U.S. Congressman Meets Kim Yong-nam [YONHAP]	48
Christopher, Han Discuss Issue [YONHAP]	48
Papers Review Helicopter Incident [CHUNGANG ILBO 19 Dec]	48
North-U.S. 'Military Conflicts' Since 1953 Noted [YONHAP]	49
KEDO Decides To Hold First Meeting in Feb [YONHAP]	50
Kim Chong-il Said in Need of Kidney Transplant [CHOSON ILBO 18 Dec]	50
Small, Medium Firms Plan To Visit DPRK [TONG-A ILBO 17 Dec]	51
Business Teams Limited to One Region in DPRK [CHUNGANG ILBO 18 Dec]	51
Firm Agrees to Infrastructural Schemes in North [YONHAP]	51
Ssangyong Team in PRC After DPRK Visit [CHUNGANG ILBO 17 Dec]	52
Samsung Group Plans 'Massive' DPRK Investment [YONHAP]	52
DPRK, Taiwan Plan Joint-Venture Travel Agency [CHUNGANG ILBO 17 Dec]	53
Israel Concerned Over North Missile Development [TONG-A ILBO 17 Dec]	53
Israeli Prime Minister Departs Seoul 17 Dec [YONHAP]	54
Seoul 'Groping for Ways' To Ease U.S. Friction [THE KOREA TIMES 19 Dec]	54
U.S. Said To Call Off Phased Troop Withdrawal [CHOSON ILBO 17 Dec]	55
U.S. Policy on Troop Withdrawal Examined [CHOSON ILBO 17 Dec]	55
U.S. Embassy's Visa Issuance Policy Analyzed [SEOUL SINMUN 17 Dec]	56
Trade Deficits With U.S., Japan, EU 'Widened' [THE KOREA HERALD 18 Dec]	57
Deficit With Japan Exceeds 10 Billion Dollars [YONHAP]	57
National Assembly Ratifies WTO Agreement [YONHAP]	57
South Korean Hired by WTO Secretariat [YONHAP]	58
Yi Stresses Need To Pursue Globalization [YONHAP]	58
Increasing Benefits for Foreigners Considered [HANGUK ILBO 17 Dec]	58
Experience Required for Foreign Institutes [THE KOREA TIMES 17 Dec]	59
Improving Foreign Trainees Conditions Planned [YONHAP]	59
Interest in New NSP Director Noted [YONHAP]	59
Kim 'Wholesale Cabinet Reshuffle' Expected [YONHAP]	60
Further on Government Reshuffles [YONHAP]	61
Yi Hong-ku 'Nominated' as Prime Minister [Seoul Radio]	62
Receives Letter of Appointment [Seoul Radio]	62
Assembly Approves Nomination [Seoul Radio]	62
Career of Yi Hong-ku Profiled [YONHAP]	62
More Information on Yi [YONHAP]	62
Yi Interviewed on Future Plans [Seoul TV]	63
Views Korean Reunification [YONHAP]	63
DLP Chairman Convenes Postholders' Meeting [YONHAP]	64
Kim Chong-pil: No DLP Reorganization Planned [YONHAP]	64
Focus on Kim Yong-sam-Kim Chong-pil Meeting [YONHAP]	64

SOUTHEAST ASIA

Burma

Fighting Lessens After Army Offensive on Karens [THE SUNDAY NATION 18 Dec]	66
Student Spokesman Denies Base Falls [AFP]	66

Brunei, Malaysia & Singapore

Malaysia

Mahathir 'Satisfied' With Casablanca Summit [NEW STRAITS TIMES 15 Dec]	66
Editorial Accuses UN of Blocking Bosnian Peace [BERITA HARIAN 9 Dec]	67
Editorial Outlines Weaknesses of Muslim Countries [NEW STRAITS TIMES 15 Dec]	68
Finance Minister on Third Quarter Growth [Kuala Lumpur International]	68

Singapore

Ministry 'Astonished' at U.S. on Lingle Case [Singapore Radio]	69
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Cambodia

Government Favors Oil Cooperation With Thailand [REAKSMEI KAMPUCHEA 17 Dec]	69
Speedy Implementation of Immigration Law Urged [REAKSMEI KAMPUCHEA 18 Dec]	69
KR Blames Government for Spread of AIDS [Radio PGNUNS]	70
Government Blamed for Starvation [Radio PGNUNS]	71

Indonesia

Editorial Calls ICO Declaration 'Ambivalent' [MERDEKA 16 Dec]	72
Daily Stresses Free Trade as World's Choice [SUARA PEMBARUAN 16 Dec]	72
Economist Warns Against Protection, Subsidies [REPUBLIKA 17 Dec]	73
* Trade Minister Profiled as 'Lion of ASEAN' [KOMPAS 12 Nov]	74
East Timor: Two Resistance Leaders Arrested [Lisbon International]	75
* Mobile Brigade Capability To Be Upgraded [KOMPAS 15 Nov]	75
* Efforts To Oust NU Leader Reported [SUARA KARYA 15 Nov]	76
* Electricity Project Completion Date Announced [KOMPAS 15 Nov]	76
* Mixed Reactions on GSM Cellular Telephones [KOMPAS 14 Nov]	77

Laos

Vice Premier Receives DPRK, French Officials [KPL]	78
Battalion 456 Claims Downing Over 110 Aircraft [Vientiane Radio]	78

Philippines

IMF Grants Request for Higher Growth Target [BUSINESS WORLD 16 Dec]	79
Government Registers Surplus of P21.8 Billion [BUSINESS WORLD 15 Dec]	79
Communists Announce Christmas Cease-Fire [PHILIPPINE DAILY INQUIRER 15 Dec]	80

Thailand

Wimon Blames Khmer Rouge for Loggers' Deaths [Bangkok TV]	81
Officials Alarmed at Burmese Border Fighting [THE NATION 17 Dec]	81
Royal Announcement Appoints Cabinet Ministers [Bangkok Radio]	82
Problems Within Party Coalitions Examined [THE SUNDAY NATION 18 Dec]	82
New Finance Ministry Division Established [BANGKOK POST 19 Dec]	84
Wimon Seeks Overhaul of Anticommunist Agency [THE NATION 17 Dec]	84

Vietnam

PRC Peace, Disarmament Federation Group Visits [VNA]	84
Cuban National Day Marked, Friendship Hailed [Hanoi International]	85
Government Convenes 'Year-End Session' 16-17 Dec [VNA]	85
1994 Foreign Relations Activities Reviewed [Hanoi Radio]	85
Foreign Investment Over Past Year Reviewed [Hanoi International]	87
Government Drafts Regulations on Foreign Investment [SAIGON GIAI PHONG 4 Dec]	87
Committee Sets Licensing for Foreign Ventures [Hanoi International]	88
* Daily Comments on Mobilizing, Using Capital [NHAN DAN 18 Oct]	88
* Preparations for Council Elections Described [PHU NU VIETNAM 7 Nov]	89

U.S., Japan, ROK Agree on Setting Up KEDO

*OW1712021994 Tokyo KYODO in English 0154 GMT
17 Dec 94*

[FBIS Transcribed Text] San Francisco, Dec. 16 KYODO—The United States, Japan and South Korea agreed Friday [16 December] to shortly launch a proposed international consortium to replace North Korea's plutonium-producing nuclear power reactors with safer models.

Officials from the three countries decided to set up the multilateral consortium, tentatively named the Korean Energy Development Organization (KEDO), "at an early date," said a joint statement. The first meeting of the organization, to be headquartered in New York, will be held in February, the statement said. An international mission will be sent soon after establishment of the body to North Korea to study safety and costs for the project, a Japanese official said.

U.S. Ambassador-at-Large Robert Gallucci, who heads the U.S. delegation, said at a press conference that the three countries will continue talks as necessary for the establishment of the consortium.

"It is possible to launch the program with the three core countries" even if other countries do not participate in the program or quotas for the required funds are not determined by February, a Japanese Foreign Ministry official said.

South Korea will "play a central role in the financing and construction" in North Korea of "two light-water reactors of the Korean standard model," according to the statement. "Japan also confirmed its intention to play an appropriate role in managing and funding the light-water reactor project," it said.

The consortium is the mainstay of a U.S.-North Korea nuclear agreement in October, which committed the U.S. to organize a consortium for replacing North Korea's graphite-moderated reactors with light-water models, which the U.S. says will not allow Pyongyang to divert fuel for atomic weapons. In the pact, North Korea pledged to freeze its nuclear program, which Washington says may already have produced enough plutonium for one or two nuclear weapons.

Asia-Africa Forum Ends With Call for Development

*BK1612095994 Jakarta Radio Republik Indonesia
Network in Indonesian 0600 GMT 16 Dec 94*

[FBIS Translated Text] The Asia-Africa Forum, which began in Bandung on 14 December, concluded yesterday with a recommendation on the need to further develop the African states.

Speaking after closing the Asia-Africa Forum in Bandung yesterday, Nana Sutresna, chief of the Executive Committee of the Nonalignment Movement, stated that a suggestion on such a need emerged during the exchange of information and experiences among the participants. There is a need for Africa to adopt new administrative trends in accordance with the region's traditions and values.

Nana Sutresna also stressed that Asian nations should widen their experiences regarding the improvement of agricultural production and finance as an effort toward solving the African states' debt problems.

The Asia-Africa Forum, which was attended by representatives from 48 countries also stressed the need for furthering South-South cooperation.

Further on Indonesia-Malaysia-Thailand Meeting**Growth Triangle Meeting Ends**

BK1812101294 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 18 Dec 94

[FBIS Translated Text] Malaysian, Thai, and Indonesian industries have signed joint cooperation agreements amounting to U.S.\$1.31 billion or an equivalent to 2.62 trillion rupiah covering 20 projects, which will be developed in the Northern Growth Triangle. The signing of the joint cooperation agreements was carried out in Penang, Malaysia, at the conclusion of the fourth ministerial level meeting within the framework of joint economic growth of Indonesia, Malaysia, and Thailand.

The signing of the agreements was witnessed by Thai Deputy Prime Minister Suphachai Phanitchaphak, Coordinating Minister of Trade and Industry Hartarto, Minister and Tourism, Post and Telecommunications Joop Ave, and the former Malaysian finance minister Daim Zainuddin.

The Indonesia-Malaysia-Thailand growth triangle was established in July last year with the objective of developing North Sumatera, south Thailand, and the northern states of the Malaysian peninsula through mutually beneficial economic cooperation.

The 20 projects involve the development of infrastructure, an export processing zone, and the development of electricity and hotels in Medan.

Thai Official Calls Meeting 'Success'

BK1912085394 Bangkok Radio Thailand Network in English 0000 GMT 19 Dec 94

[FBIS Transcribed Text] Six projects involving Thailand have been endorsed by the fourth ministerial meeting on the Indonesia-Malaysia-Thailand growth triangle project

held recently in Penang, Malaysia. Deputy Prime Minister Suphachai Phanitchaphak, who represented Thailand in the meeting, described the meeting as a success as memorandums were signed by the three countries on 23 projects. He said the projects will be carried out by the private sector and supervised by the public sector of the three countries.

The deputy prime minister said among the projects was the development of Langkawi [words indistinct] tourism zone. The Thai Government has assigned the National Economic and Social Development Board to study environmental impact on the project.

Malaysia has agreed to reduce import tax on durian and longans from 30 to 5 percent next year. Indonesia has rejected a proposal by its private sector to reduce import tariff on wood products and rattan.

The growth triangle project involves subregional economic development carried out jointly by Indonesia, Malaysia, and Thailand.

Indonesia, Malaysia, Singapore Sign MOU

BK1712123994 Singapore Radio One in English 1100 GMT 17 Dec 94

[FBIS Transcribed Text] Another milestone in developing close economic relations among Indonesia, Malaysia, and Singapore was signed today. A memorandum of understanding [MOU] to develop the growth triangle among the three countries was formalized at a ceremony in Johor Baharu. Signing on behalf of Singapore was Deputy Prime Minister Brigadier General Lee Hsien Loong. He said it is not necessary for all ASEAN countries to take part in every project of subregional cooperation or progress will be hindered. Signing for Malaysia was International Trade Minister Rafidah Aziz and for Indonesia, the coordinating minister for industry and trade, Hartarto.

Japan

Resumption of Financial Sector Talks Discussed

*OW1912092694 Tokyo ASAHI SHIMBUN in Japanese
18 Dec 94 Morning Edition p 7*

[FBIS Translated Text] Japan and the United States are expected to resume talks on financial services, a sector in the bilateral framework trade negotiations, in Seattle at the end of the year. Because Washington has demanded the talks be wrapped up within the year, the climax of the financial sector talks will come at the end of the year. Negotiations are currently under way behind closed doors. It appears there is still a disparity between the two countries in their views on public pension funds management and international financial transactions.

In Japan, the Pension Welfare Service Public Corporation [PWSPC] is authorized to make "discretionary investments" by using part of the pension funds collected from corporate employees and self-employed businessmen, and this pension funds management has been the most contentious point in the financial sector talks. So far the government has allowed the PWSPC to entrust only life insurance firms and trust banks with the management of pension funds. The United States has strongly demanded Japan also allow investment consultant firms to manage pension funds.

The Ministry of Finance [MOF] has refused to comply with the demand because: 1) When life insurance companies and trust banks invest pension funds in stocks, they are listed as stockholders. However, in the case of investment advisory firms, the PWSPC is listed as stockholder. If the PWSPC is on stockholders' lists of the companies that come under the jurisdiction of the Ministry of Health and Welfare [MHW], which is in charge of pension funds, it will arouse suspicion that the government controls these companies; and 2) although asset security of pension funds should be guaranteed for stable pension funds management, investment consultant firms cannot guarantee it.

Falling in with the U.S. demand, the MHW is also urging the MOF to liberalize public pension funds operations. In response, some MOF officials have begun considering presenting a compromise plan to push the financial sector talks forward. It appears that, as a measure to avert the above-mentioned suspicion, they are studying a method in which the PWSPC gives no instructions to investment consultant firms on pension funds investment in stocks and the PWSPC is given no information on which company's stock they have bought and how many.

In talks with the United States from 7-9 December, the MOF presented measures to ease regulations on investment trusts, and U.S. negotiators gave them high marks. Nevertheless, the United States has demanded not only the liberalization of pension funds management but also

the expansion of foreign exchange operations by securities firms, and the replacement of the current "prior approval system" for the issuance of bonds with a "post approval system." The government has had difficulty reaching agreement with financial firms on how they should deal with these demands.

Officials Expect Accord

*OW1912081594 Tokyo KYODO in English 0811 GMT
19 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—Japan and the United States are likely to reach agreement on financial services in the bilateral framework trade negotiations next week in Seattle before the year-end deadline, Japanese officials said Monday [19 December].

Japanese negotiators are already in the U.S. to make final arrangements before the Seattle working-level meeting Dec. 28 and 29, the Finance Ministry officials said.

Glass Imports Depend on Efforts of U.S. Firms

*OW1712133294 Tokyo NIHON KEIZAI SHIMBUN in
Japanese 14 Dec 94 Morning Edition p 2*

[Editorial: "What Happens Next Depends on the Efforts of U.S. Businesses"]

[FBIS Translated Text] A final settlement has been reached in the Japan-U.S. economic consultations on ways of promoting imports of foreign-made flat-glass products following a rough patch caused by the United States' demands on such points as setting objective criteria in measuring the degree of market liberalization. The U.S. demands were of such a nature as to be called synonymous with setting numerical targets.

Not only in the flat-glass market, but also in all other markets in Japan, the practices of manufacturers giving rebates to retailers who do good sales work and increasing the amount of rebates in tandem with the growth of sales exists. One cannot deny the fact that such practices have made the entry of local as well as foreign manufacturers into the market difficult.

The Japan-U.S. economic framework talks are meaningful in that Japan's closed market structure will be change into one which is more open and thus makes new entry into the market easier. If competition becomes more active with the entry of other companies into the market, consumers will be able to purchase high-quality goods at low prices.

Regarding U.S. production of heat-insulating glass materials, in which the United States claims it is very competitive, it was agreed that the Japanese Government should set an example by actually using the products in the construction of publicly-owned buildings. It was also agreed that the National Federation of Flat-Glass

Wholesalers Cooperatives should make an announcement agreeing that the dealers will handle both foreign and domestic products without discriminating against foreign products.

The Japanese has already begun to call on the construction industry to use more imported products. Furthermore, as a result of the Japan-U.S. negotiations of the past, Japan's flat-glass industry has stopped the practice of giving out rebates—a practice which could end up eventually closing out other companies' products. Accordingly, it has become easy for foreign companies to enter the market held by the Japanese flat-glass industry, which has been controlled in oligarchic fashion by a handful of companies. What comes next is up to the efforts of foreign companies. We hope they will stop the habit of blaming other people every time they have trouble selling their products.

Agreements in the talks include those on objective criteria to measure foreign companies' efforts to sell to the Japanese market as well as those to measure the degree of Japanese market liberalization. While this represents the recognition that both sides need to make efforts, a certain point needs to be recognized as well. Commercial dealings do not materialize just because a salesman makes a certain number of business calls—which seems to be suggested by the principle of objective criteria. Deals do not materialize in such a simple fashion. We are concerned that the criteria may be used as an excuse for imposing retaliatory measures if the outcome proves not to be as good as expected.

Throughout the talks, Japan has insisted that it cannot accept demands that go beyond the scope of government control. This applies to the flat-glass issue as well. But the United States made demands regarding flat-glass products that would interfere in the commercial dealings of the private sector and would lead to the setting of numerical targets.

Moreover, the United States threatened to invoke retaliatory actions based on the 301 clause of the U.S. Trade Act when Japan said it could not accept the U.S. demands.

The U.S. Government's demands and position were so unilateral and coercive that no small number of people in the flat-glass industry are displeased, which can only have a bad effect on the sale of the U.S. manufacturers' products in Japan. Should not the United States have come to the table for the talks with that in mind?

DPRK Helicopter Incident Said Not Worrisome

OW1712104594 Tokyo KYODO in English 1038 GMT 17 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 17 KYODO—The emergency landing in North Korea of a U.S. military helicopter on Saturday [17 December] has not caused a worrisome situation, a top Japanese Government spokesman said.

"There have been no tense conditions like movements of the North Korean Army, so it doesn't seem that the situation warrants concern," Chief Cabinet Secretary Kozo Igarashi told reporters.

Based on the information the Japanese Government has so far obtained, Igarashi said the two American crew members on the helicopter are safe and that South Korea is demanding their return.

South Korean media reports said a U.S. military helicopter with two crew members on board crossed into North Korea and made an emergency landing at around 10:40 A.M. at a point 5 kilometers north of the demarcation line between the two Koreas.

U.S. military authorities said the helicopter was on a routine reconnaissance flight near the Demilitarized Zone, South Korea's YONHAP news agency reported.

North Korea's radio Pyongyang, meanwhile, announced the shooting down Saturday of a helicopter from the South for violating its airspace over Kangwon Province.

DPRK Reaction to Incident Viewed

OW1912054294 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Dec 94 Morning Edition p 4

[By Makoto Kajiwarai]

[FBIS Translated Text] Seoul 17 Dec—The emergency landing in the DPRK of a U.S. Forces South Korea helicopter is having subtle effects on relations between the United States and the DPRK.

Relations between the two countries have started to move toward a major improvement following the U.S.-DPRK agreement on the nuclear issue in October. Since the helicopter incident is generally believed to be an accident, the United States has asked for a meeting with the DPRK to settle the problem, and both sides seem to be exercising self-restraint in order not to rekindle tensions between the two countries. On the other hand, there are also signs that the DPRK may use this incident as a new card in the process of strengthening relations with the United States.

As of the evening of 17 December, the DPRK seems to have reacted to the incident calmly. Radio Pyongyang limited its broadcasts to reporting the basic facts of the incident, and has refrained from condemning the United States.

Likewise, the United States has admitted unofficially that the helicopter intruded into DPRK airspace. The situation is quite different from the 1968 incident wherein the USS Pueblo, a U.S. intelligence gathering vessel conducting espionage activities off Wonsan in the DPRK, was captured by the DPRK Navy.

The DPRK has nothing to gain if its relations with the United States deteriorate to an extent that undermines

the fully satisfactory U.S.-DPRK agreement in October, under which it obtained an energy supply guarantee.

The U.S.-DRPK agreement is moving toward steady implementation. The United States has decided to start the supply of substitute energy (crude oil) through ROK companies before the end of 1994. Japan, the United States, and the ROK agreed in San Francisco on 16 December to set up the headquarters of the Korean Energy Development Organization (KEDO) in New York, and to convene a general meeting of the organization by February 1995. Aid for conversion into light-water reactors is also forthcoming.

It is believed the DPRK would rather deal with the helicopter incident cool-headedly, and use this as a "debt of favor" that the United States owes the DPRK in future negotiations. The U.S. military intends to ask the DPRK to return the aircraft and its crew. By acceding to this, the DPRK will gain a new channel of dialogue with the United States.

The legitimate venue for discussing issues such as this is the Military Armistice Commission created under the Korean Military Armistice Agreement. However, the DPRK refuses to hold discussions there because the representative of the UN Forces to the commission is a ROK general, and the DPRK's position is that, "The other party involved in the Korean war is the United States." Furthermore, the DPRK withdrew its representative from the Armistice Commission last April, thus losing a venue for discussing military issues with the United States.

The ROK Government is most seriously concerned that through direct negotiations with the United States, the DPRK may succeed in transforming the armistice agreement into a peace agreement, and thus, strengthening moves to demand the withdrawal of U.S. Forces in the ROK.

However, on 16 December, the DPRK criticized the U.S. aircraft carrier USS Constellation's port call at Pusan as an "outlandish military action to effect a confrontation with the DPRK." Some analysts believe that the DPRK, which has control over the helicopter and its crew members, will intensify criticisms against the United States for the mean time, in an attempt to draw concessions from the United States.

Tokyo To Buy Two Gulfstream Aircraft in FY95

OW1712141894 Tokyo KYODO in English 1401 GMT 17 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 17 KYODO—The government decided Saturday [17 December] evening to appropriate 7.2 billion yen to purchase two U.S.-built Gulfstream aircraft as Japan's next generation of multipurpose military planes, government officials said.

Defense Agency chief Tokuichiro Tamazawa told reporters Japan picked the Gulfstream as the best choice for its next-generation, multipurpose military aircraft, code-named UX.

His remark came after divisive talks on the issue with Finance Minister Masayoshi Takemura, Foreign Minister Yohei Kono and Chief Cabinet Secretary Kozo Igarashi.

The Defense Agency said earlier this month that a comprehensive evaluation shows the U.S.-built Gulfstream IV to be superior and the most appropriate in relation to price and operating costs over the anticipated 20-year life span of the planes.

But the 7.2 billion yen price tag is much higher than the 5.8 billion yen or so that Prime Minister Tomiichi Murayama's government was prepared to spend for the two multipurpose military aircraft as part of the fiscal 1995 budget.

Government sources said Prime Minister Murayama's upcoming trip to Washington partly played a part in the decision to settle on the Gulfstream.

The sources said, however, that the Defense Agency would not purchase Gulfstream aircraft beyond fiscal 1995 if the agency fails to make the procurement process more transparent.

The Defense Agency tentatively picked the Gulfstream in August over two other candidates, the Falcon 900 of France and the Challenger 601 of Canada.

The UX is to replace an aging fleet of six-person B-65s and will be used as a midair command base for ferrying VIPs and for supervising military drills.

U.S. Interest in Tokyo's ODA Programs Observed

OW1912110094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Dec 94 Morning Edition p 5

[Unattributed article: "The United States Shows Interest in Japan's Official Development Assistance (ODA) Programs"]

[FBIS Translated Text] The United States is showing greater interest in Japan's official development assistance (ODA) programs, the scale of which has topped the world for three consecutive years. This is because world political and economic trends could be affected considerably depending on how the ODA funds are used. Japan is bewildered at indications that the United States hopes to utilize Japanese ODA programs as part of its global strategy.

Putting a Check on Aid to Iran

"Mr. Kono, I would appreciate your working on the case of the four-letter word." So said a smiling U.S. Secretary of State Warren Christopher to Japanese Foreign Minister Yohei Kono at the Japanese-U.S. foreign ministerial conference in Indonesia on 12 November.

Kono instinctively knew what the "four-letter word" meant—Iran. The United States has continued to urge Japan to suspend yen loans to Iran, which Japan

resumed in 1993 for the first time in 17 years. The United States contends: "Helping a country that supports terrorists constitutes a threat to peace and stability in the Middle East." Japanese yen loans to Iran are supposed to be used for dam construction projects. Japan plans to extend a total of approximately 150 billion yen in three portions. The government already decided last year to extend the first portion (approximately 38 billion yen).

The Foreign Ministry has objected to the U.S. view, saying: "The Iranian Government is not unified, there are both radical and moderate forces within it. Providing assistance to Iran's dam construction projects will effectively help support the moderate forces." Regarding the Japanese decision to extend ODA funds to Iran, there are some senior officials in the ministry who stress the positive results, saying: "This has helped support moderate forces, and consequently, Iran has declared it has no intention of physically obstructing the Middle East peace process." However, such Japanese justification has not yet convinced the United States and other countries.

Expecting Japan To Help China Tackle Environmental Problems

U.S. Undersecretary of State Timothy Wirth, who visited Japan in late November, proposed to a high-ranking Japanese Government official: "Let us, the United States and Japan, join hands in helping China solve its pollution problems, the consequences of which are likely to be on a global scale."

What the undersecretary had in mind was the fourth yen loan to China (for FY 1996-2000), which the Japanese Government is currently considering. The government plans to make a decision by mid-January 1995 on the amount of the loans for the initial three years, expected to total around 550-580 billion yen, and to determine projects to which the loans will apply. The United States believes that decisively channeling these yen loans toward environmental projects will effectively contribute toward environmental preservation on a global scale.

Asian countries, too, are showing stronger interest in Japan's ODA programs. They hope that by using its ODA programs as a leverage, Japan can exercise influence over China, which has conducted nuclear tests twice this year. This is because it is understood that Japan embraces "four basic principles" regarding its ODA programs. For example, when Japan considers assisting a certain country through its ODA programs, it takes the country's military spending into consideration.

Simple calculations show that ODA programs place a burden of approximately 10,000 yen per year on each Japanese citizen. As Japan's ODA spending for FY 1995 is expected to exceed 1 trillion yen, and the country is expected to continue to lead the world in terms of the scale of ODA programs, it is likely that in the future,

Japan will be approached by not only the United States, but also Asian and European countries as well.

Testimony on Bacteriological Experiments Unveiled

OW1712092994 Tokyo KYODO in English 0859 GMT 17 Dec 94

[FBIS Transcribed Text] Hiroshima, Dec. 17 KYODO—The United States collected data on bacteriological warfare experiments from former Japanese Imperial Army officers in exchange for a promise not to prosecute them as war criminals, records kept by a former staff officer showed Saturday [17 December].

The records were shown to KYODO NEWS SERVICE by the officer, an 84-year-old Tokyo resident, whose name is being withheld.

Researchers said they are the first-ever evidence that U.S. forces provided immunity in questioning former officers of the notorious unit 731 over bacteriological warfare experiments during World War II.

According to the records, the officer and two others who belonged to the unit and were involved in the project were questioned by a special scientific investigation mission sent by the General Headquarters of the U.S. Army Pacific Command in October 1945, about two months after Japan's surrender in the last war.

Besides the former staff officer, the two other officers who assisted in the investigation were army Colonel A, who was regarded as the right-hand man of unit commander Lt.Gen. Shiro Ishii, and Major B, an entomologist.

Three copies were made of the testimonies, one of them being kept by the staff officer at his Tokyo home.

An examiner of the mission told the three men that the questioning was not intended to collect evidence for their prosecution by the military tribunal, and obtained information concerning experiments on rats which were infected with bacteria, the records showed.

The documents quoted the examiner as saying all information provided by the three men would be submitted in a secret report to the U.S. President.

The former staff officer told KYODO the U.S. was very interested in the Japanese experiments and eagerly sought information on bacteriological weapons developed by the Japanese Army.

Unit 731 was excluded from hearings at the military tribunal held in Tokyo in 1946 to try war criminals.

Paris Club Agrees To Raise Debt Write-Off Ratio

OW1612145394 Tokyo KYODO in English 1441 GMT 16 Dec 94

[FBIS Transcribed Text] Paris, Dec. 16 KYODO—The Paris Club of 18 creditor nations, including France,

Japan and the United States, has set the maximum ratio of debt write-off for very poor nations at 67 percent, up from the previous 50 percent, club sources said Friday [16 December].

The 18 nations reached the agreement at meetings held in Paris up to Friday.

The club members discussed how much the write-off ratio should be raised in response to a request made at the summit meeting of the seven major industrialized nations in Naples last July.

The new ratio will apply to 27 nations in Africa and Latin America, according to the sources.

PRC-DPRK Discord Over Nuclear Issue Viewed

OW1712131994 Tokyo MAINICHI SHIMBUN in Japanese 17 Dec 94 Morning Edition p 7

[By Koji Kamimura]

[FBIS Translated Text] China and the DPRK (North Korea) are having arguments on China's role in the recent U.S.-North Korean accord on the nuclear issue. While China said "we took the initiative as much we could," North Korea denied China's role, saying "we independently settled the issue."

The dispute was triggered by a U.S. Government announcement on the U.S.-North Korean accord. The U.S. Government said: "While North Korea's stance was very rigid until immediately before the agreement, it suddenly changed as soon as we contacted China." In line with this, U.S. Secretary of Defense William Perry acknowledged China's important role in reaching the accord.

North Korea's "NODONG SINMUN" (1 December edition) flatly denied the U.S. reports, noting: "The accord was not reached by somebody's sympathy or recommendation.... We received no foreign pressures.... We completed the talks from an independent standpoint."

In response, China's "RENMIN RIBAO" (14 December edition) noted: "The international public opinion believes China played an important role in the framework of the U.S.-North Korea agreement."

In the 15 December news conference, North Korean Ambassador to China Chu Chang-chun again denied China's involvement in the talks, saying: "Just like Japan, China did not disturb us." On the same day, the spokesman of the Chinese Foreign Ministry stated "significance lies in the very fact that China has been taking a consistent stance toward this issue."

Diplomatic sources in Beijing said they are paying much attention to the arguments since those symbolize China-North Korea discord on the nuclear issue.

Schedule Set for APEC Informal Summit in Osaka

OW1912144094 Tokyo KYODO in English 1434 GMT 19 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—Japan has set a schedule for a four-day session of the Asia-Pacific Economic Cooperation (APEC) forum in Osaka, including a summit meeting of APEC leaders on Nov. 19, government sources said Monday [19 December].

According to the sources, the 18-member APEC summit will follow a two-day ministerial meeting Nov. 16-17. The cabinet will formally approve the schedule Thursday, the sources said.

APEC leaders agreed to hold the informal summit in Osaka next year when they met in mid-November in Bogor, Indonesia. A declaration signed at the Bogor summit set a goal of complete liberalization of trade and investment in the Asia-Pacific region no later than 2020, with developed countries achieving the goal by 2010.

Osaka Preparations Increase

OW1912044094 Tokyo KYODO in English 0416 GMT 19 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—Five Osaka-based business organizations agreed Monday [19 December] to make stepped-up efforts to prepare for a meeting of the Asia-Pacific Economic Cooperation (APEC) forum in Osaka next year, officials said.

They said leaders of the Kansai Economic Federation, the Osaka Chamber of Commerce and Industry and three other organizations agreed in a meeting to expand the existing ad hoc office to prepare for the conference scheduled for the autumn of 1995.

The office was earlier established by the Chamber of Commerce and the Osaka Prefectural Government.

The expanded office is expected to have about 50 staffers, beginning in January, the officials said.

Tokyo To Offer 580 Billion Yen Loan to PRC

OW1912071494 Tokyo KYODO in English 0659 GMT 19 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—The Japanese Government plans to offer a total of 580 billion yen in official loans to China for fiscal 1996-1998, a sum way below that requested by Beijing, officials said Monday [19 December].

Tokyo will present the offer at high working-level talks to be held here as early as Wednesday in the hope of seeking a Chinese understanding of the tight budgetary situation, they said.

China, the largest recipient of Japanese Official Development Assistance, has asked for some 700 billion yen

for the first three years of Japan's fourth yen loan scheme between fiscal 1996 and 2000.

The 580 billion yen loan will translate into an average of some 190 billion yen a year, some 40 percent more than the average 135 billion yen under the third yen loan scheme between fiscal 1990 and 1995. But with China obliged to repay some 40 billion yen a year from fiscal 1996 for outstanding loans that backdate to fiscal 1979, the net increase will be smaller.

The latest loan will be set aside for some 36 environment-related projects, a departure from the past loans that focused on construction of social infrastructures such as port facilities, railroad and dams, the officials said.

The loans will also give priority to projects in inland China so as to help narrow the economic gap between inland and coastal areas, they said. As for a Chinese project to build a bullet train line linking Beijing and Shanghai, Japan will not present any specific figure on possible yen loans as Tokyo hopes to negotiate it after details of the project are worked out, they added.

MOF To Revise Foreign Firm Reporting Rules

OW1912140494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Dec 94 Morning Edition p 5

[FBIS Translated Text] The Ministry of Finance [MOF] has decided to revise its "ordinance on presentation of the financial reports of corporations" to permit foreign companies to write annual securities reports in a simplified way. This deregulation will be implemented in line with the Tokyo Stock Exchange's [TSE] easing of listing requirements for foreign companies slated for next year. The MOF aims to reduce foreign companies' paperwork burden, which is considered one of the reasons for the "hollowing out of the financial market in Tokyo." An official of the MOF Securities Bureau said: "The ordinance revision is aimed at lightening the companies' burden as much as possible."

Under the present system, foreign companies, including listed firms, are required to provide more details in their annual reports than Japanese companies. Foreign companies have complained that "such requirements cause too much paperwork."

After the revision, foreign companies will be allowed to make a minimum description of the legal systems in their home countries. The MOF Securities Bureau official said: "Unnecessary descriptions, such as explanations on changes in exchange rates, can be omitted." However, in a bid to protect investors, the foreign companies will be required to prepare reports in Japanese.

The number of foreign companies listed on the TSE has been falling, after reaching a peak of 127 at the end of 1991. It is likely the number will drop to 93 by the end of this year. As a step to prevent further "hollowing out,"

the TSE has been preparing deregulation of listing requirements, such as lowering the minimum amount of pure assets, while making arrangements with the MOF to simplify annual securities reports.

Significance of Trade Surplus Figures Disputed

952B0049A Tokyo SEIRON in Japanese Dec 94 pp 60-65

[Article by Hajime Karatsu, Tokai University professor]

[Text] Stop Showing Automobiles

Whenever Japan's trade surplus is mentioned, the thing that is inevitably shown on the television news is automobiles. When people see vast columns of cars being loaded onto ships, one feels that is only natural for automobiles to be brought up in Japan-U.S. negotiations.

However, a look at the real figures reveals that this is a ridiculous mistake. Since the strong yen began with the Plaza Accord in 1985, Japanese automobile exports have continued to decrease. In particular, exports of consumer goods such as automobiles to the United States have declined dramatically. While that is the case, the thing that is increasing the amount of exports to the United States from Japan is the increase in the export of capital goods. That is, items such as parts, materials, and production equipment which are used to make products are increasing. This is a mutually favorable thing. With the export of consumer goods, the added value generated by making those products is all obtained by Japan only, so there is nothing that can be done to help being called a plundering exporter.

With capital goods, however, because the other party uses these goods to make products, the resulting added value is generated near at hand which allows for peaceful coexistence and coprosperity.

In the manufacturing world, it is natural to search for the best capital goods from throughout the world to use in building competitive products. Although Japan produces the greatest quantities of ballpoint pens in the world, which are being exported worldwide because of their fine quality and low price, the automated machinery that produce them is monopolized by one Swiss company. Ballpoint pen makers in every country are using this machinery to make ballpoint pens.

Seventy percent of Japan's exports are capital goods. Consumer goods, such as automobiles comprise a minority of exports as a whole.

However, because even now automobiles are inevitably made symbolic of the trade surplus on the television news, automakers are unfortunate because they are made out to be total villains. Of course, because certain TV stations have complained so mercilessly, containers now come out instead of cars. Although they said this would

not make for good video, it is better than implanting an erroneous impression in the mind of the general public.

However, whenever the Japan-U.S. framework talks are mentioned, the discussion of automobiles always comes up. Because there are no economic specialists on the Japanese side that say this is improper, it makes one want to sarcastically question what in the world they are looking at. If the export of capital goods from Japan were to stop, the other side would not be able to produce anything. Liquid crystal panels are always used in the latest notebook-sized personal computers and these are all made by Japan. Further, liquid crystal displays naturally are being used in the cockpits of new aircraft, both in large commercial airliners and cargo craft, and these are, of course, imports from Japan.

However, the United States, calling this dumping, slapped on high tariffs and became a laughingstock throughout the world. They hastily repealed the tariffs, but I want the reader to be aware that these are the type people who are involved in the Japan-U.S. framework talks.

Because capital goods are purchased and are used to make products, they are a kind of resource as it were. I would like to characterize Japan as a nation that supplies manmade resources. As long as this continues, Japan's trade surplus will never decrease. It is the same thing as nations that supply natural resources such as petroleum-producing nations whose surplus does not decline. This surplus is not bad but good. The reason nations do not complain about that is because by importing oil, they are able to produce goods with even more added value.

However, preconceived notions are frightening. The top headline in a certain newspaper the other day read "Automobiles Make Up 60 Percent of the Japan-U.S. Trade Surplus." Thinking that this was strange, I checked out this figure and found that automobiles correspond to only 20 percent of total exports to the United States. However, if this figure is compared with only the surplus portion of exports to the United States, it becomes 60 percent. This is strange no matter how you think about it because when a layman hears this he will think that automobiles comprise 60 percent of exports to the United States. This method of handling the news is extremely unfair and it wantonly stimulates a sense of crisis. At that time, I thought they would say something trivial, but after that, the television station commentator said that something must be done because automobiles make up 60 percent of the surplus with the United States.

With this kind of mistaken impression spreading throughout the world, there is no way Japan-U.S. negotiations can go well.

I long ago specialized in statistical analysis because it relates to my job. I have come to realize that judgments based on figures often tell a different story from what is

being generally said in society. When one bases things firmly on figures, therein one begins to see a separate world.

I once participated in a televised debate concerning Japan-U.S. issues on a satellite broadcast. Because I pretty much knew what the other side was going to say, I prepared graphs of various figures for the purpose of refutation. When they said something that I had anticipated, I was able to take out a graph and immediately prove the error in what they were saying. Then they would say something else strange and I would once again show them a graph. In this way, I could prove the error in their thinking and they could give no answer. After repeating this three times, the moderator on the U.S. side became dumbfounded, and wondered whether there was no topic for which a graph had not been prepared. Then, I told them that, unfortunately, a lot of the image they have of the Japan-U.S. relationship was made up from worthless information for the purpose of bureaucrats who are trying to earn points and a segment of instigators who want to grandstand. I refuse to worsen the important relationship between Japan and the United States with that kind of thing.

The combined GDP of the United States and Japan exceeds 40 percent of the world's GDP. The world is already filled with many problems that need to be solved. If this 40 percent of the power is consolidated, finding solutions would not be an impossible task.

I think it would be better to have those people who are trying to earn points by making this important Japan-U.S. relationship worse step aside so the spotlight can be shined on those people who are actually in the United States and are working hard. When I mentioned Honda in Ohio, Nissan in Tennessee, the GM and Toyota joint-venture NUMMI in California, their moderator applauded in spite of himself.

Even so, there are still people who cannot get over it. The Japan-U.S. trade imbalance is \$50 billion. That seems excessive to say the least. Then I would like to raise the question: What percent of the U.S. GDP is this figure? It is a mere 0.8 percent. In economic statistics, this much of a figure is ordinarily regarded as equivalent to the margin of error.

This is why it is a downright lie to say that Japanese exports are stealing American jobs. Quite to the contrary, the number of plants of Japanese firms that have expanded in the United States has reached 1,729, and the number of employees in those plants exceeds 700,000. The amount that these plants export from the United States is 10.3 percent of total U.S. exports. Japanese firms in the United States are contributing that much to the reduction of the U.S. trade deficit. And the top exporter of cars produced in the United States is not GM; it is Honda.

When the discussion comes to this point, it becomes strange unless one asks the question of what in the world

is this trade friction between Japan and the United States that is continuing even now. I will mention in passing that all the figures given here are only those that have been open to the public. However, there will probably be many readers who are hearing them for the first time. Therein lies the problem. Even though these accurate figures are readily available, they never appear on the news. That is why the only thing that is generally reported in discussions about the Japan-U.S. relationship is grandstanding and, moreover, information that makes Japan out to be the bad guy. This is truly unfortunate for the people of both Japan and the United States.

Although public opinion polls are published on the Japan-U.S. relationship, because the thoughts of the people rely on mass media reports, the answers they give are predictable from the start and are not very reliable. This is truly a dangerous thing. Therefore, my proposal is for a third-party agency to publish data on a monthly basis that is not mixed with so much subjective feelings. Although it may only appear to be a plethora of uninteresting and tedious figures, at least it would be possible to preempt the false criticisms. In the future, if there is a television station that shows video of automobiles in its news coverage of the trade surplus, we should recognize by that alone that it is a station that cannot be trusted and has to be watched while taking it with a grain of salt.

Murayama Sends Appointment Letter To New BOJ Head

OW1912041294 Tokyo KYODO in English 0305 GMT 19 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—Prime Minister Tomiichi Murayama on Monday [19 December] issued Yasuo Matsushita a letter of appointment concerning his new post as governor of the Bank of Japan [BOJ], the nation's central bank.

Matsushita, a former vice finance minister and former chairman of Sakura Bank, succeeded Yasushi Mieno, who resigned last Friday on completion of his five-year term.

Matsushita told Murayama he will do his best to carry out his job as central bank chief, officials said.

Matsushita, who is 27th governor of the central bank, begins his job by facing a number of thorny issues ranging from how to secure an economic recovery to how to deal with mounting bad loans, which weigh currently heavily on many banks.

Together with Matsushita, Toshihiko Fukui, an executive director of the central bank, received a letter of appointment as senior deputy governor of the central bank, the No. 2 post within the bank.

After the first meeting, Iida told a news conference he has appointed Takenaka as acting chairman of the five-member panel.

He said the next meeting is set for Jan. 11, and the panel will thereafter meet twice a month—on Wednesdays in the second and fourth weeks.

Iida spoke of the need for close cooperation among the five members if the panel is to succeed in its work.

"We will take a position that if we fail now we will not be ever able to carry out the long-awaited administrative reform," he said.

Matsushita Comments on Economy

OW1912103094 Tokyo KYODO in English 1024 GMT 19 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—Japan's current economy does not require any major credit policy change, Bank of Japan (BOJ) Governor Yasuo Matsushita said Monday [19 December].

The Japanese economy is slowly recovering, said Matsushita, who succeeded Yasushi Mieno as the central bank chief on Saturday.

Signs of recovery can be seen in the fact that production is increasing this year and corporate earnings are beginning to improve, he said. But he was reserved about durability of the current economic recovery, citing insufficient balance sheet adjustments of companies and unsatisfactory figures related to personal consumption.

To see if the Japanese economy will be able to continue recovery, Matsushita said he needs to watch a variety of economic data along with the judgments of business executives. "The balance of nonperforming loans has already peaked," said Matsushita, but he noted it would take a long time for the issue to be solved.

In the United States, there is a market of nonperforming loans, he said, but there are problems which do not make for such a market in Japan. He also said that disposition of real estate properties, which secure nonperforming loans, is not progressing smoothly in part because rights related to such properties are complicated.

Matsushita expressed a prudent stance toward disclosure of data on financial institutions' loans with exempted or reduced interest. Though he said that disclosure is an important measure toward clear management responsibility and improving confidence, he added it is necessary to continue discussing what data should be disclosed and how it should be done.

Meanwhile, Matsushita said, "We should discuss the Bank of Japan Law revision in the future to make the law fit Japan's economic and financial situation." The tone of the time when the law was written still pervades the law, he said.

Implemented in 1942 during the war, the law stipulates the government right's to devise monetary policy. To revise the law, it is necessary to ask the opinions of various circles, he said, and that preparation for revision

will take time. He added that even though the law itself has problems, it has been enforced in a flexible manner so as not to have adverse effects on neutrality of the central bank.

Touching upon the BOJ's decision to set up a special bank to rescue two debt-ridden Tokyo-based credit unions, Matsushita said, "It was the best measure."

Asked about commercial banks' reported criticism about their involvement in the rescue measure, he said that the action was taken after listening to the industry associations of private banks.

The Bank of Japan, Deposit Insurance Corp. and commercial banks are scheduled to have stakes in the special bank, which will start operation in February.

Tokyo To Maintain Stringent Budget Policy for FY95

*OW1912073694 Tokyo KYODO in English 0730 GMT
19 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—The government decided Monday [19 December] to maintain its stringent approach to the budget for fiscal 1995 for the third year in a row.

Officials of the Finance Ministry said the general account budget for fiscal 1995, which begins next April, is likely to total about 70.9 trillion yen, down 2.9 percent from the initial budget for the current fiscal year, marking the first yearly decline since a 0.8 percent fall in fiscal 1955.

The policy, which was adopted at an extraordinary cabinet meeting during a round of top ministerial negotiations which began Friday, clears the way for Finance Minister Masayoshi Takemura to draw up and present the budget draft on Tuesday.

The government is slated to decide on its budget framework on Sunday after ministries and agencies stage a bout of re-negotiations with the minister over the budget draft in a final bid to revive their requests.

In a departure from the past, the government dropped its policy for economy-supporting spending in the recovering economy and instead focused on measures to secure "sound" fiscal conditions for the graying population in the 21st century.

The policy calls for a more thorough review of expenditures than in previous budgets to restrain the issuance of deficit-covering bonds amid deteriorating fiscal conditions.

The government projects an "even tougher" trend in tax revenues after those in fiscal 1993 fell short of initial estimates for the third year in a row to post a budget deficit for the second straight year.

The policy calls for an issuance of 12,598 billion yen in government bonds, including stopgap deficit bonds to finance tax cuts, and of 3,250 billion yen in government-guaranteed securities.

But the government will earmark a relatively ample budget for public works through "efficient and concentrated distributions" in social infrastructure projects to meet the needs of the aging society.

This policy is specifically intended to allow an adequate budget for a new public works program created in October to spend 630 trillion yen over 10 years starting fiscal 1995.

In a bid to cover gaps in revenues and expenditures resulting from such relatively ample spending policy, the government endorses makeshift measures, including postponement of regular fund allocations to the national debt consolidation fund.

The ministry officials said tax revenues in fiscal 1995 are estimated at about 53.7 trillion yen against an overall general account budget of 70.9 trillion yen with a relatively high growth of some 3 percent secured in the general operating expenditures—the core spending in the general account—to some 42 trillion yen.

They said the ministry wants to issue construction bonds worth slightly less than 9 trillion yen, the maximum limit under current law, as well as 2.8 trillion yen in deficit-covering bonds to finance tax cuts.

As for closely watched defense spending, the government decided on Sunday to limit the growth to 0.855 percent from the initial budget in the current year, the lowest since a 0.6 percent rise set in fiscal 1960. The decision came after negotiations between the finance minister and other ministers.

2.9 Percent Drop Planned

*OW1912131194 Tokyo KYODO in English 1249 GMT
19 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—Japan's finance chief said Monday [19 December] his ministry will compile a draft general account budget for fiscal 1995 worth 70,987 billion yen, a 2.9 percent drop over the year before and the first yearly decline in 40 years.

Finance Minister Masayoshi Takemura said the draft maintains the government's stringent approach to the budget for the third year in a row. The last time Japan had a yearly budget decrease was in 1955, with a 0.8 percent fall.

Speaking to reporters after a ministry meeting to kick off work in compiling the draft budget for issue Tuesday, Takemura noted the need for quality under unusually severe financial conditions.

The ministry's decision is in line with a policy, adopted at an earlier extraordinary cabinet meeting, calling for a thorough review of expenditures to restrain the issuance of deficit-covering bonds.

The government is slated to decide on its budget framework Sunday after ministries and agencies stage a bout of renegotiations with the minister over the budget draft in a final bid to revive their original requests.

In a departure from the past, the government dropped its policy for economy-supporting spending in the recovering economy and instead focused on measures to secure "sound" fiscal conditions for Japan's aging society toward the 21st century.

The government projects an "even tougher" trend in tax revenues, after those in fiscal 1993 fell short of initial estimates, for the third year in a row to post a budget deficit for the second straight year.

But the government wants to earmark a relatively ample budget for public works through "efficient and concentrated distributions" in social infrastructure projects to meet the needs of the rapidly aging society.

This policy is specifically intended to allow an adequate budget for a new public works program created in October to spend 630 trillion yen over 10 years starting fiscal 1995.

In a bid to cover gaps in revenues and expenditures resulting from such relatively ample spending policy, the government endorses makeshift measures, including postponement of regular fund allocations to the national debt consolidation fund.

The ministry estimates tax revenues in fiscal 1995 at about 53,731 billion yen, a scant 66 billion yen increase from the 53,665 billion yen in the initial fiscal 1994 budget, Takemura said.

It plans to issue 12,598 billion yen in government bonds, with the bond dependency ratio or the percentage of bond issues to total revenues standing at 17.7 percent, he said.

Nontax revenues in fiscal 1995 are estimated at 4,486 billion yen, compared with 5,601 billion yen in the initial fiscal 1994 budget, the finance minister said.

The general operating expenditures—the core spending in the general account—will increase 3.1 percent to 42,142 trillion yen, Takemura said.

As for closely watched defense spending, the government decided Sunday to limit the growth to 0.855 percent from the initial budget in the current year, the lowest since a 0.6 percent rise set in fiscal 1960. Takemura and Defense Agency chief Tokuichiro Tamazawa reached the decision.

Also reflecting the government's policy change, the finance ministry plans to limit the ordinary "Zaito"

investment and loan program to a growth of 1.8 percent to 40,098 billion yen, Takemura said. The figure represents the tightest program since a 1.3 percent decline in fiscal 1985.

The Zaito program, widely known as a second national budget, uses funds derived primarily from state-run postal savings and pension funds to invest and extend loans mainly for housing, public works and other projects by public corporations. The ordinary Zaito budget is the core of the overall program, excluding a portion allocated for cash management. For the overall Zaito program, the Finance Ministry intends to allot 48,268 billion yen in its draft plan, up 0.9 percent, Takemura said.

FY95 Defense Spending Growth Held to 0.855%

*OW1812112194 Tokyo KYODO in English 1107 GMT
18 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 18 KYODO—Finance Minister Masayoshi Takemura and Defense Agency chief Tokuichiro Tamazawa agreed Sunday [18 December] to limit the increase of defense spending for fiscal 1995 to 0.855 percent from a year earlier, officials said.

The figure is smaller than the 0.87 percent increase agreed to by the ruling coalition parties last week. In summer, the ruling coalition had agreed to allow a 0.9 percent increase in the fiscal 1995 defense budget.

Prime Minister Tomiichi Murayama has repeatedly argued for a curb in defense spending, saying he will pursue disarmament efforts. Two of the three coalition parties, the Liberal Democratic Party and New Party Sakigake, called for a 0.9 percent increase. But Murayama's Social Democratic Party [Social Democratic Party of Japan-SDPJ] sought a smaller increase.

Japan's fiscal 1994 budget totaled 73,081.7 billion yen, which included 4,683.5 billion yen for defense spending. The country's general account budget for fiscal 1995 starting next April is expected to total about 70.9 trillion yen, down 2.9 percent from the current fiscal year's initial budget, Foreign Ministry officials said. The Finance Ministry is scheduled to present its budget plan on Tuesday. The cabinet is expected to adopt its fiscal 1995 budget around December 25.

DA To Increase USFJ Allocation

*OW1712031494 Tokyo MAINICHI SHIMBUN in
Japanese 16 Dec 94 Morning Edition p 2*

[FBIS Translated Text] The Defense Agency [DA], which had included in its initial budget request only about half of what would be needed to fully meet the expenses to be borne under the special agreement on sharing the burden of stationing U.S. forces in Japan [USFJ], decided on 15 December that it should delay the retirement of colonels and lieutenant colonels. By

delaying the payment of retirement pensions by delaying the colonels' retirement, the agency will be able to raise about 7.5 billion yen and will be able to use the amount to fund part of the 12.5 billion yen shortfall in the agency's budget. This amount, plus a surplus to be generated from exchange rate fluctuations, should cover the expenses completely.

Murayama on Cut in Defense Spending

*OW1812041994 Tokyo KYODO in English 0350 GMT
18 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 18 KYODO—Prime Minister Tomiichi Murayama called Sunday [18 December] for a cut of 5 or 6 percent in next year's defense spending on frontline equipment such as fighters.

Addressing a meeting of provincial leaders of his Social Democratic Party (SDP), Murayama said the tripartite ruling coalition should reduce Japan's defense budget as much as possible because disarmament is one of its major policy goals.

"Shouldn't we establish a certain foothold toward disarmament by cutting into frontline equipment in particular, say by 5 percent or even 6 percent?" the SDP chairman asked.

A defense policy panel of the coalition agreed Saturday to reduce the growth of the defense budget for fiscal 1995, beginning next April, to 0.87 percent from the originally requested 0.9 percent.

But SDP cabinet members are demanding a further reduction, leaving a final decision to Finance Minister Masayoshi Takemura and Defense Agency chief Tokuchiro Tamazawa.

Igarashi Wants Curb on Growth

*OW1812012994 Tokyo NIHON KEIZAI SHIMBUN in
Japanese 16 Dec 94 Morning Edition p 2*

[FBIS Translated Text] Chief Cabinet Secretary Kozo Igarashi met on 15 December with representatives of the Defense Coordination Council of the ruling coalition parties at the prime minister's official residence. In commenting on the handling of the defense budget for FY 1995, he asked them to further lower the 0.9-percent ceiling on the growth of the defense budget for FY 1995, saying: "I want to see significant changes made to the rate of growth of the defense budget under the Murayama cabinet. The three-party agreement on setting a 0.9-percent ceiling on the growth of the defense budget for FY 1995 has to be honored, but there are various reasons for decreasing the ceiling, and I hope that you will give consideration to those reasons."

Speaking at a news conference on the evening of 15 December, the chief cabinet secretary said, "I expect the Defense Coordination Council to deliberate on ways to curb the procurement of mainstay military hardware."

In this way, he made clear that the Murayama government intends to promote disarmament.

The ruling Liberal Democratic Party [LDP] and Sakegake [Harbinger] are saying, "We have to consider the possibility of lowering the 0.9-percent ceiling for the growth of the defense budget for FY 1995." However, Yoshinori Ono, chairman of the LDP National Defense Division, is stressing the need to keep the 0.9-percent ceiling intact, saying, "If the three-party agreement is overturned, this would undermine the relationship of trust between the three ruling parties."

Impact of Budget Cuts Cited

*OW1912023794 Tokyo SANKEI SHIMBUN in
Japanese 14 Dec 94 Morning Edition p 3*

[First in three-part series entitled "Japan's Defense Capability Losing Its Substance"; this part written by Akihiko Ushiba: "Budget Cut Strain—GSDF Suffering From 40 Percent Vehicle Shortage"]

[FBIS Translated Text] The Liberal Democratic Party made a concession to the Social Democratic Party of Japan's ideology. To "demonstrate the cabinet's dovish nature," an increase in defense spending for FY95 is likely to become even lower than the 0.9-percent ceiling set by the government.

As a result of a defense budget cut by the Miyazawa and Hosokawa administrations, Japan's defense capability has considerably lost its "substance." In addition to a reduction of tanks, vessels, aircraft, and other front-line equipment, unreasonable budget cut policies targeted indispensable maintenance and working expenses. In the near future, the Self-Defense Forces [SDF] may have to say: "We exist, but do not function." The situation will become worse even if the 0.9-percent increase is secured. If the defense budget is reduced, the SDF may face a fetal crisis within several years, and that crisis affects the Japan-U.S. security alliance too.

Defense spending is completely different in nature from welfare and public works expenditures.

In its FY95 budget request, the Defense Agency proposed 4.7269 trillion yen [Y] for defense spending. However, 44 percent of the budget should be spent on "personnel and provisions expenses"—wages and food expenses for SDF staff. Another 35.6 percent consists of the "current-year obligatory outlay"—loan repayments for equipment purchased according to government programs. If these portions were reduced, the SDF would have to bilk bills, fire staff, cut wages, or reduce staff meals—these are all impossible. Therefore, a reduction of defense expenditures should focus on the remaining 20-percent (Y963.9 billion)—current-year materials expenses (maintenance and working expenses).

Moreover, the Defense Agency needs approximately Y420 billion for base-related expenses—subsidies to

communities adjoining Japanese and U.S. defense facilities. It is impossible to cut these expenses because they are political compensation for the communities. And finally, the SDF receives a very small portion of the defense budget for "disposable income."

In FY95, the ratio of the remaining current-year material expenses to the total budgets of the Ground, Maritime, and Air SDF [GSDF, MSDF, and ASDF] is 14.5 percent for the MSDF, 15.1 percent for the ASDF, and only 9.2 percent for the GSDF.

The GSDF's serious financial conditions can be made clearer when the 9.2-percent part is broken down. The GSDF's current-year material expenses is divided into 14 categories, and eight of the 14 categories—including administrative and trip expenses, lodging expenses, equipment rental fees, medical expenses, utilities, and clothing expenses—are the GSDF's indispensable "living expenses." Far from becoming smaller, these expenses tend to increase year by year.

There is no room to cut the GSDF's budget except for front-line expenses for vehicles, radio, and other equipment purchases, and for logistics expenses to provide repair, training, construction, transportation, and fuel services.

This is not a special circumstance only for FY95. The government's budget reduction policy has been intensively damaging the above-mentioned fields. These expenses are just like the "blood" that moves front-line equipment "muscle." When the blood flow is disturbed, the SDF will lose its power and vitality very soon.

In fact, the number of GSDF-owned vehicles are almost 40 percent below what they are supposed to be. This is because the GSDF could not receive a budget to purchase replacements of scrapped jeeps and trucks. A regimental commander told us an unbelievable story: "Every time we conduct exercises, we have to borrow vehicles from other regiments because we do not have enough vehicles to transport everybody. So, the primary concern for the staff when drawing up exercise plans is how many vehicles and radios we can borrow."

The GSDF is expected to lose an additional 450 vehicles in FY95, and, if the situation is left as it is, two GSDF divisions will lose all their vehicles in the coming three years. In this case, the GSDF cannot manage the vehicle shortage with unit-to-unit rentals only. It is not too much to say that the SDF will soon face difficulties in not only training, but also rescue operations.

Budget Outline Calls for Greater R&D Spending

OW1912033894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Dec 94 Morning Edition p 5

[FBIS Translated Text] The ruling coalition parties formulated the FY 1995 budget outline on 15 December. In view of changes in the nation's economic structure, the

budget outline is focusing on the promotion of technological development and fundamental research work through assistance to new industries.

On the other hand, the outline clearly states that defense spending should be "lowered as much as possible." As for administrative and fiscal reform, the outline stresses the need for joint efforts by the government and the ruling parties to accomplish the major priority issue. In preparation for the 50th anniversary of the end of World War II, various assistance programs for war victims were incorporated in the outline. As a whole, it appears that the Murayama administration tried hard to demonstrate its characteristics.

The government and the ruling coalition will finalize the 1995 budget in line with the outline. The Finance Ministry will formulate informal budget plans on 20 December, and the cabinet is expected to approve the government's budget bill on 25 December. The outline, which is subtitled "Seeking a 'Public-Friendly, Trouble-Free, and Vital Country,'" advocates the "expansion of the economic frontier to create employment" through 1) the development of ultramodern space and marine technology; and 2) the promotion of fundamental research in such fields as electronics and biotechnology.

More Spending for Information Networks Decided

OW1612135794 Tokyo KYODO in English 1334 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—The three-party ruling coalition's task force in charge of public works projects decided Friday [16 December] to seek more spending on information networks and scientific research facilities under a special public works quota in the fiscal 1995 budget, coalition officials said.

The 300 billion yen special quota is reserved as part of Japan's public works investments totaling nearly 9 trillion yen.

The group decided to change the ratio of spending on public works construction projects to that on information networks and research facilities under the quota to 5 to 1 from the present 7 to 1, the officials said.

Under the decision, 50 billion yen of the proposed investment quota will go to the building of information networks and research facilities, the officials said.

Public works investments in the past have traditionally emphasized highway, bridge, port and harbor and other civil engineering projects.

Under the fiscal 1995 budget, more public works funds than before will go to the Ministry of Posts and Telecommunications, the Science and Technology Agency, the Ministry of International Trade and Industry (MITI) and the Education Ministry, the officials said.

The construction and transport ministries have accounted for a lion's share of the funds in the past.

Cabinet Committed to Administrative Reform

*OW1912040894 Tokyo KYODO in English 0339 GMT
19 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—Prime Minister Tomiichi Murayama on Monday [19 December] told the members of a new panel for administrative reform that his cabinet is staked on administrative reform. Murayama's comment came as he convened the first meeting of the panel of experts.

The panel approved the selection of Mitsubishi Heavy Industries Ltd. Chairman Yotaro Iida, former vice chairman of the Federation of Economic Organizations (Keidanren), as chief of the forum.

"Administrative reform is an unavoidable and urgent task. I hope the panel members will watch the implementation of administrative reform from the viewpoint of the people," Murayama said.

The Murayama administration has made a priority out of the task of whittling the nation's bureaucracy and removing a surplus of rules and regulations. It is commissioned to come up with a proposal to enact a freedom of information law within two years, officials said.

The four other panel members are political and economic commentators Naoki Tanaka and Eiko Oya, Morishige Goto, deputy president of the Japanese Trade Union Confederation (Rengo), and Kazuo Takanaka, an economist.

New Party Sakigake [Harbinger], the smallest force in the three-party coalition, demanded the government exclude any bureaucrats or ex-bureaucrats from the panel, they said.

The standoff in the selection process has forced the government to leave the post of the secretariat chief vacant, with the post of the deputy secretariat chief going to a bureaucrat, they said.

Kaifu To Challenge Murayama to Personal Debate

*OW1912061194 Tokyo KYODO in English 0534 GMT
19 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—Opposition leader Toshiki Kaifu put Prime Minister Tomiichi Murayama on notice Monday [19 December] that he would challenge him to a personal debate in the next Diet session.

"I told him I will ask him some direct questions," Kaifu, leader of Shinshinto (New Frontier Party), told reporters after emerging from a brief meeting with the premier.

Murayama's response was noncommittal. He was quoted saying only that "The ruling and opposition blocs should do their best."

It was Kaifu's first encounter with the prime minister since the launch of Shinshinto on Dec. 10 as Japan's second largest political party.

Kaifu said the purpose of his visit with Murayama was to exchange cordial "greetings," before the relationship becomes more heated in the course of the regular Diet session that begins in January. He described the meeting with the premier as a "chat in a congenial atmosphere."

Murayama reportedly expressed hope Shinshinto will be able to establish its promised shadow cabinet, which according to earlier reports was to be formed on Tuesday.

But Kaifu would not confirm a Tuesday deadline for the shadow cabinet, saying only that it would be established by the end of the year.

Kaifu was accompanied to the meeting with Murayama by three deputy leaders of Shinshinto—Tstutomu Hata, Koshiro Ishida and Takashi Yonezawa.

Poll: 15 Percent Support New Frontier Party

*OW1712143994 Tokyo NIHON KEIZAI SHIMBUN in
Japanese 13 Dec 94 Morning Edition p 1*

[FBIS Translated Text] NIHON KEIZAI SHIMBUN conducted a phone survey on 10-11 December immediately following the inauguration of the New Frontier Party [NFP]. In this survey, the NFP garnered a support rate of 14.8 percent, the second highest rate following the the Liberal Democratic Party's [LDP] 28.6 percent. The Social Democratic Party of Japan [SDPJ] obtained 11.9 percent. But what should be noted here is the fact that up to 27.5 percent of interviewees said "no party is worth supporting."

Asked whom will they back in the next general election under the new election system, 28.1 percent of respondents said they will vote for candidates from the LDP. This number is almost equal to the amount who said they support the LDP. When it comes to the NFP, 21.3 percent said they will vote for NFP candidates; this figure is 6.5 percent larger than the support rate for the NFP.

As the most desirable government, both the current coalition led by the LDP, the SDPJ, and New Party Sakigake [Harbinger] and the coalition composed mainly of the NFP respectively gained the support of about 25 percent of the people. The number of respondents who favored the coalition composed of democratic and liberal forces also increased, to 15.6 percent.

The survey was conducted by interviewing 1,500 people nationwide, with a 63.5 percent response rate.

The support rate for the NFP—which was inaugurated as a confederation of former ruling parties such as Shinseito [Japan Renewal Party] and Komeito—reaches 14.8 percent when support rates for those parties are added together. Since our survey always asks which party

respondents are supporting, those who cited names of former ruling parties that no longer exist were statistically categorized as "people supporting minor political forces." Considering the fact that only one percent of the people fell into this category in previous surveys, we expect that two to three percent of the people who fit in this group this time are considered supporters of the NFP. Therefore, the actual support rate for the NFP may actually amount to 17-18 percent.

When asked about their views on Toshiki Kaifu, newly-elected NFP president, half of the respondents replied "he is fit for the post." On the contrary, 41.7 percent people expressed negative views on the selection of Ichiro Ozawa as NFP secretary general; this number exceeded the 36.4 percent who said "his appointment is appropriate."

Asked what they expect from the NFP, 33.9 percent—the largest proportion—wanted political stability, 23.9 percent desired democratic government, and 23.6 percent promotion wanted administrative reform. Only 11.7 percent hoped for "a change in political power," the goal of the NFP. This figure even falls below the 21.1 percent who said: "I have nothing to expect from the NFP."

What will break following the birth of the largest party next to the LDP? Responding to this question, 38.8 percent said: "Consumption tax will be raised more than the planned five percent." Those who said "the battle for political power will intensify" amounted to 35.1 percent, while 22.2 percent noted "it will create an unstable political situation." As seen here, nearly 60 percent of the interviewees are concerned over possible chaos and desire a secure political environment.

In this survey, 27 percent favored "the LDP-SDPJ-Sakigake coalition administration" while 23.9 percent supported "the coalition composed mainly of the NFP." "The coalition of democratic and liberal forces," which the SDPJ has been discussing, gained the support of 15.6 percent. But only 13.3 percent of the people desired "the return of a political monopoly administered by the LDP."

Shinshinto, 'New Political Landscape' Analyzed

OW1712115194 Tokyo YOMIURI SHIMBUN in Japanese 13 Dec 94 Morning Edition p 2

[Unattributed article: "New Political Landscape"]

[FBIS Translated Text] More than 200 lawmakers have formed Shinshinto (the New Frontier Party). The formation of Shinshinto, next only to the ruling Liberal Democratic Party [LDP] in size, has created a situation in which the two parties confront each other and has greatly changed the political landscape. It is certain that a battle will intensify between the ruling parties, especially with LDP, that aim to keep their coalition government in place and Shinshinto, which aims to take power away

from them. There is a possibility that they will immediately change their patterns of policy debate and arguments in the Diet. The YOMIURI SHIMBUN has discussed what moves Shinshinto will make in the future, what strategy it will chart, and what the major tasks for the newly-formed party will be at a time when the newly changed political landscape has the potential to change itself again.

Speaking at a news conference held on 12 December shortly after Shinshinto was formed, Ichiro Ozawa, secretary general of Shinshinto, said with an emotional face, "When I look back on how we have managed to form Shinshinto after weathering a variety of difficulties, I am now deeply moved."

Ozawa, who has aimed to establish a two-party system in Japan in an attempt to bring bold changes to customs in Japanese postwar politics that have persisted to the present day, probably believed that at long last he has laid a solid foundation for achieving his long-cherished goal.

With Shinshinto having a long way to go (as Ozawa has said), it is cynical that one of the major tasks for the "Kaifu-Ozawa leadership" is to keep Shinshinto together.

The Liberal Reform League, which has been formed by a breakaway group of the LDP with which former President Kaifu was affiliated, has only 15 members including Kaifu. In the recent presidential election, which was preceded by the election of Ozawa as secretary general, Kaifu was elected president of Shinshinto because of the continued support of lawmakers who voted for Kaifu in the June prime minister election and an attempt by some of the supporters of former Prime Minister Hata to defeat Ozawa. As a result, Kaifu's power base in Shinshinto is extremely weak.

In the process of formulating party rules, an original draft of the rules, that give the party president the authority that includes appointing and dismissing party secretary general, have been greatly changed and on the contrary, the party rules have ended in strengthening the authority of party secretary general, opening the way for Ozawa to hold real power in Shinshinto.

This Kaifu-Ozawa leadership resembles the "dual power system" that the LDP adopted when the Kaifu administration was in place. For this reason, some LDP members are openly saying, "It is easy for us to attack Shinshinto and forge an alliance with some members of Shinshinto," (according to a senior LDP member). Other LDP members are even calling for an early dissolution of the House of Representatives, saying, "If the general elections were held today, we would win."

While Former Transport Minister Keiwa Okuda, who supported Hata in the recent presidential election, has announced that he will join an "anti-mainstream group," former Defense Agency Director General Kazuo Aichi

has made clear his "anti-Ozawa stance," saying: "I cannot get along with Ozawa. I can form an intra-party group."

More than half of the former Shinseito [Japan Renewal Party] members are believed to have cast their ballots for Hata in the recent presidential election. The emergence of an anti-mainstream force led by former Shinseito members within Shinshinto may weaken Ozawa's power base in Shinshinto.

As a result, the biggest group that still remains a united force within Shinshinto is a 64-member force of the former Komeito. Speculation is spreading within Shinshinto that the former Komeito members may bolster their say in running Shinshinto.

Keigo Ouchi, former chairman of the Democratic Socialist Party [DSP], has remarked, "Shinshinto will be under the thumb of the Sokagakkai" [a lay organization of a Buddhist sect that supports Komeito]. Many members of the LDP and the Social Democratic Party of Japan say: "As long as the former Shinseito under Ozawa's control remains unstable, Ozawa has no choice but to rely on the former Komeito. Ozawa and Ichikawa will consolidate their personal ties in the future," (according to a senior LDP member).

The DSP plans to form a policy group within Shinshinto. Although Yuichi Ichikawa, secretary general of the former Komeito, has said, "We will not form any policy group within Shinshinto," the former Komeito wants to "form a policy group sometime in the future," (according to a senior member of the former Komeito).

The LDP had maneuvered behind the scenes to dissuade some lawmakers from joining Shinshinto before the party was formed. As a result, Shizuo Sato, a member of the House of Representatives who was formerly affiliated with the LDP, did not join Shinshinto.

Ozawa and others have vowed to take a confrontational stance against the LDP in the next ordinary Diet session while hurriedly looking for disputed points of policy with the aim of holding Shinshinto together and bolstering its cohesive force against jolts from the LDP and persistent intra-party criticism. From 13 December, Shinshinto will appoint chairmen of general affairs, organization and financial affairs committees, and chairmen of the Policy Research Council and other councils. It is certain that whether or not Shinshinto will be able to keep itself together by making balanced appointments from among members of former Shinseito, the former Komeito and the former DSP to those posts will hold the key to its future.

SDPJ Delegates Approve Proposal for New Party
OW1812104294 Tokyo KYODO in English 1021 GMT 18 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 18 KYODO—Delegates to the Social Democratic Party's [Social Democratic Party of Japan - SDPJ] national meeting

approved Sunday [18 December] a leadership proposal to transform it into a new party and agreed to call a party convention "as speedily as possible" to create the new party.

The meeting however failed to specify when to convene the party convention. The party's provincial leaders from across the country made the endorsement for the proposal put forth by SDP Secretary General Wataru Kubo, after hours of heated discussion. They met at the party's headquarters in Tokyo.

Kubo has been trying to push the party toward the center of the political spectrum by transforming it into a new party of "democrats and liberals."

He has said that the SDP could remain in power only by transforming itself into a third bloc "which is non-Liberal Democratic Party (LDP) and non-Shinshinto (New Frontier Party)."

Kubo has called for making the proposed new party a third political focus that would "stand up to" the conservative political tenets held by both the LDP and Shinshinto.

Although he has ruled out any amalgamation with the two conservative parties, he has suggested that the SDP might form a strategic coalition with either of the pair, saying the new party would always be ready to take part, or remain, in government.

The SDP, headed by Prime Minister Tomiichi Murayama, is a component of the current ruling coalition with the LDP and New Party Sakigake, an LDP splinter group.

Murayama, in a bid to prevent his party from being split, criticized a plan by the party's right wing to disband the SDP to create a new, broader-based political force in January. "Even if we create a new party from our current party, it will not have much attraction," Murayama said in a speech at the meeting earlier in the day. "The question is how to create a party that is able to respond to the call of the new era." Murayama, while acknowledging the need to restructure the party, did not say when it would be the right time to launch a new party.

The party's right wing, led by Sadao Yamahana, has formed the New Democratic League, an intraparty group, which wants to found a new political force grouping "democrats and liberals" before an ordinary Diet session begins in January.

Murayama criticized the move, saying, "it's embarrassing that people within the SDP voice the opinion that our party is no good." Some of the SDP's left rank and file oppose the proposed shift of the party toward the center of the political spectrum.

Others, including legislator Sekisuke Nakanishi, fear the founding of a new party will challenge party unity and undermine Murayama's position as head of the three-party coalition government and leader of the SDP.

Murayama appealed to provincial party leaders to bridge differences to ensure a unified stance. He said it is not desirable for the SDP to split over the issue and a new party should accommodate all views within the SDP.

But SDP Secretary General Kubo, who supports the Yamahana camp, insisted in his keynote address that a Party Congress should be convened as soon as possible to decide on the creation of a new party. "We have to make concrete plans," Kubo said in trying to win over the provincial leaders, many of whom are known to be opposed to the idea.

Murayama Criticizes Call To Disband SDPJ

*OW1812070094 Tokyo KYODO in English 0612 GMT
18 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 18 KYODO—Prime Minister Tomiichi Murayama, in a bid to prevent his Social Democratic Party (SDP) [of Japan—SDPJ] from falling apart, Sunday [18 December] criticized a plan by the party's right wing to disband the SDP to create a new, broader-based political force in January.

"Even if we create a new party from our current party, it will not have much attraction. The question is how to create a party that is able to respond to the call of the new age," Murayama said in addressing provincial party leaders from across Japan.

While acknowledging a need to restructure the party, he did not say when it would be the right time to launch a new party.

Conservatives within the SDP, led by former chairman Sadao Yamahana, have formed the New Democratic League, which wants to found a new political force grouping "democrats and liberals" before an ordinary Diet session begins in January.

Murayama denounced the move, saying, "it's embarrassing that people within the SDP voice the opinion that our party is no good."

Some of the SDP's left rank and file oppose the proposed shift of the party toward the center of the political spectrum.

Others, including legislator Sekisuke Nakanishi, fear the founding of a new party will challenge party unity and undermine Murayama's position as head of the three-party coalition government and leader of the SDP.

The conservative Liberal Democratic Party (LDP) is by far the largest partner in the ruling coalition, which also groups new party Sakigake [Harbinger], a splinter group of the LDP.

Murayama appealed to provincial party leaders to bridge differences to ensure a unified stance. He said it is not desirable for the SDP to split over the issue and a new party should accommodate all views within the SDP.

But SDP Secretary General Wataru Kubo, who supports the Yamahana camp, insisted in his keynote address that a party congress should be convened as soon as possible to decide on the creation of a new party and to hammer out concrete steps toward its realization as outlined in the draft of a "1995 declaration."

"We have to make concrete plans," Kubo said in trying to win over the provincial leaders, many of whom are known to be opposed to the idea.

One delegate after another questioned the wisdom of rushing to set up a new party.

A delegate from Miyagi Prefecture said the entire debate only makes things worse for SDP candidates. "It has brought our party's image to its lowest just before the unified regional and House of Councillors elections."

The regional elections are scheduled to be held in April and the House of Councillors poll in July.

"It's because our SDP candidates were stranded due to the new party issue that we lost in our prefectural assembly election," a representative for Ibaraki Prefecture said.

A Mie Prefecture delegate, however, voiced strong support for Kubo. "We have to convene an extraordinary party congress in mid-January to state that we will dissolve our party. If we don't make that decision within this year, the SDP will vanish."

Kubo, if his proposal wins approval, plans to convene the central executive committee and to follow with a party convention in mid-January.

Party officials fear that Yamahana's league may go ahead with the new party without the endorsement of party colleagues, a move which could lead to a split with the SDP.

The SDP's efforts to reorganize follow landmark policy revisions, such as the recognition of Japan's armed forces, which some believe were made to accommodate the LDP, and the founding of a unified opposition force, Shinshinto (New Frontier Party), by 214 noncommunist legislators from both chambers of the Diet earlier this month.

LDP's Mori Lauds SDPJ Decision To Postpone Rebirth

*OW1912072094 Tokyo KYODO in English 0713 GMT
19 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—Liberal Democratic Party (LDP) Secretary General Yoshiro Mori on Monday [19 December] hailed Sunday's decision by the Social Democratic Party (SDP) [Social Democratic Party of Japan - SDPJ], the LDP's chief coalition partner, to put off the proposed transformation of the SDP into a new party.

"All handed down a judgment that is quite in line with common sense," Mori said at a news conference in reference to the decision by the SDP provincial and national leaders.

Mori made the remarks just before Prime Minister Tomiichi Murayama and SDP Secretary General Wataru Kubo reportedly reached agreement to prepare for an SDP convention in late January.

The LDP, which lost its uninterrupted 38-year hold on power in a 1993 general election, returned to power in June by forming a coalition with the SDP and new party Sakigake.

Mori rejected criticism from the SDP that the LDP has recently undermined the spirit of political reform by resuming acceptance of large political donations from big business groups. "I question their assertion that a political donation is an evil," the LDP's chief strategist told reporters.

Mori said acceptance of political donations is justifiable under certain conditions, saying, "it is crucial to improve transparency with firmer rules and hold down the amount of donations within the scope of common sense."

SDPJ Likely To Hold Special Convention 21 Jan

OW1912120094 Tokyo KYODO in English 1144 GMT 19 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—The Social Democratic Party (SDP) [Social Democratic Party of Japan - SDPJ] led by Prime Minister Tomiichi Murayama is likely to hold an extraordinary convention on Jan. 21 or 22 to discuss a planned disbandment and formation of a new party, SDP sources said Monday [19 December].

Murayama and SDP Secretary General Wataru Kubo agreed Monday that the convention should take place shortly after an ordinary Diet session expected to start on Jan. 20, the sources said.

It is difficult to hold it before the Diet session because Murayama will visit the United States in mid-January, and it is also hard after the Diet begins discussing the fiscal 1995 budget, they said. Murayama will meet with U.S. President Bill Clinton on Jan. 11.

The premier may leave Japan on Jan. 10 and return home on Jan. 13. But if he makes a stopover in Canada, he will depart on Jan. 9 and return Jan. 14.

The SDP central executive committee will meet Thursday to officially decide whether to hold the convention and if so, determine its schedule.

Murayama and Kubo agreed to seek party consensus for the holding of the convention, following a meeting of the SDP's national and local leaders Sunday that agreed in

general to promote Kubo's drive to create a new "Democratic Liberal Party" as a "third political force" [words indistinct] the Liberal Democratic Party (LDP) and fledgling opposition party Shinshinto (New Frontier Party).

The LDP is the SDP's ally in the current tripartite ruling coalition and Shinshinto is the second largest political party following the LDP.

Kubo had wanted to hold the party convention before the start of the regular Diet session, work out an acceptable platform for the new party and set up a new party preparatory committee before the end of January, SDP officials said.

Murayama had earlier said that January's "hectic schedule" would preclude holding the convention, SDP sources said, adding that Murayama questioned Kubo's objectives in wanting to hold the convention at an early date.

*** SDPJ's Kubo Discusses 'New Liberal Party'**

952B0053A Tokyo SHUKAN YOMIURI in Japanese 13 Nov 94 pp 183-185

[Interview with Wataru Kubo by Kenichi Kawahito; place and date not given; passages in italics are SHUKAN YOMIURI editorial comments]

[FBIS Translated Text] *The surface of the water of the political situation that had been quiet suddenly became fraught with waves. This was precipitated by the declaration of establishment of a "new liberal party" by Wataru Kubo, Social Democratic Party of Japan [SDPJ] secretary general. Will the SDPJ simply disappear or will it be reborn as the core of the "new party"? There is tumult within the party with all eyes on the general election under a new system, but Secretary General Kubo has boldly said that breakup is inevitable if the old ways are adhered to.*

Consolidation of Numbers in Excess of Expectations

It was at the end of August when the internal party group "New Democratic League," was formed by former SDPJ Chairman Sadao Yamahana. One month later, Secretary General Kubo, who is regarded as the heart of the New Democratic League, raised the idea of a new party of "democratic liberals," and there was a big uproar within the party about what the Murayama administration was going to do. However, Mr. Kubo reveals a sense of crisis that at this rate the SDPJ would become extinct and that there could be a convergence into a dual conservative system that is not desired by the nation. He is talking about forming a third pole.

[Kawahito] You said that the new party would have a force of 100. Is that possible?

[Kubo] What I am saying is that this third political force would not be able to display its power if there were an election and it did not survive with a force in excess of 100 (lower house) seats.

In terms of the number of existing politicians at the beginning, there would not have to be 100. At that time, since it would be wrong for a certain portion of the SDPJ to create a new party, there must be an accumulation of people who will create a wide-ranging new age. That is, although the SDPJ would also be inside this third pole, many political parties, groups and individuals would band together for the purpose of a third political force in a position of equality. Those ideas are sprouting outside the SDPJ.

[Kawahito] The formation of the new-new party is actually imminent. Are these "sprouting ideas" who are outside the SDPJ in the Japan Democratic Socialist Party or the Japan New Party?

[Kubo] I do not think it is a good idea for me to say one way or the other about any particular parties now.

However, there are ideas sprouting everywhere. There are people who have questions about whether it would be possible (in a dual conservative party system) to realize things that they have striven for as politicians even in the new conservative party, mainly Shinseito [Japan Renewal Party] which broke off from the LDP [Liberal Democratic Party] or the LDP which is, after all, an old conservative party. These people are thinking they have no place else to go. I think that there is a fairly wide gap.

[Kawahito] Are there some in the opposition parties who have their eye on the current new-new party?

[Kubo] Yes.

[Kawahito] For instance, would somebody like Mr. Kaieda, who broke from the Japan New Party be one?

[Kubo] Well, I understand that Mr. Kaieda and others created a study group. If Mr. Kaieda's ideas about this third pole can agree with our ideas, it will be possible to work together.

I believe that people with the same point of view and way of thinking, people who will act in concert with us are not as few as some think.

Possibility of New Force Coalition with "New-New Party"

[Kawahito] About the schedule for formation of the new party...

[Kubo] Although I think it is very difficult to estimate right now, there are various times being considered, such as new party formation prior to the unified local elections or after upper house elections, etc. However, even if we were to try to determine a schedule, political reorganization would not proceed according to the SDPJ's schedule.

That is why it is the duty of executives to make accurate judgments for handling circumstances while constantly looking into the future.

[Kawahito] It has to be in time for the next general election.

[Kubo] If a general election were to be fought with so-called dual conservative political parties, creation of the third pole would become extremely difficult.

Within the SDPJ, discord between what should probably be called the "Kubo faction" and the "Murayama faction" instead of the right wing and left wing, is fierce. Further, Ichiro Ozawa sent a word of encouragement to Mr. Kubo that "our ideas are close," and the internal party group "Shinseiki" [New Century] successively invited both Mr. Kubo and Mr. Yamahana to conventions, indicating that the two conservative camps cannot remain indifferent.

[Kawahito] There are some who say that formation of a new party contradicts support of the Murayama administration.

[Kubo] We have now selected the LDP and Sakigake [Harbinger] as our coalition partners. Compared to other coalitions, this coalition is striking for the generosity of its large political parties. In this way this administration has come to have a sense of peace of mind. In that context, if we were to try to create a new party in the sense of unseating the government, it would fail.

This new party initiative is being discussed from the standpoint of the perception that a political party is necessary that relates to at least a tripolar administration, without taking the road of two large political parties, especially two large conservative parties in this age of coalitions. Its aim is not to immediately overthrow the Murayama administration.

Whether or not this administration will be supported will, I think, depend on how this three-party coalition government operates and sets up its policies in the future.

[Kawahito] What is the likelihood of a breakup of the SDPJ?

[Kubo] Even if the SDPJ disbands and joins the new political force, it is preferable that it do so as much as possible in a coherent fashion. However, if the people who are unable to think about anything except protecting the old SDPJ ways as before are going to obstruct the way of that reform, I think that a split of the party would be unavoidable.

[Kawahito] It is said that Prime Minister Murayama has endorsed the Kubo initiative, but it is also said that his ideas are incompatible. Have you discussed this?

[Kubo] Oh, yes. Although things are written about the New Democratic League supporting Kubo and the association promoting reform that supports Murayama, a long time ago Mr. Murayama and myself were comrades in the "New Trend Association" [Atarashii Nagareno-kai], which pondered a new age in Japanese politics. That is why there is no difference in our basic line and

stance. Besides, Mr. Murayama is the head of the coalition government and that is something that always must be respected.

I do think, however, that there is a slight discrepancy in the way of thinking of those around him. Still, since this is an era in which political parties can disappear and then be reborn, it is probably not possible to say that it could not invite a breakup situation.

[Kawahito] Mr. Ichiro Ozawa was cheering you on, was he not?

[Kubo] I do not particularly think he was cheering me on, and I do not think that a merger of the democratic liberal forces and the new-new party is something that can be achieved. However, I do believe that there is a possibility of either cooperation in an election or a coalition in the future.

In the general election of last year we fought after agreeing to try to end the LDP's hold on power through election cooperation with old coalition members. And, after the election, these were the people who formed a coalition government through election cooperation, having fixed that agreement as a basis.

Considered in that way, if there are no sympathies nor common qualities among those old coalition members, people would question what the reason is for that old coalition government. But even so, there is a question of why there was a joining in a coalition government between the LDP and Sakigake.

This refers to the fact that (the Hata government) was lacking in sincerity, which should be considered the basis for a coalition. However, after the Hosokawa Government continued for one more year, both the LDP and SDPJ were being washed by the massive waves of reform.

Three Poles Make Election Cooperation Possible

[Kawahito] About the issue of election cooperation...

[Kubo] Election cooperation means the exchange of power. Election cooperation creates mutually positive results. The common possession of power is one standard for that. However, power, in the case of a coalition, is not something that exists in fixed way. As a matter of fact, in this past year there have been three types of power alliances that came into existence.

Completing the election, it is important to consider comprehensively the question of whether the LDP-SDPJ-Sakigake coalition pattern would stay as it was, how the voters would think about it, and the conditions after the elections. That is why there is not necessarily one type of election cooperation.

In fact, in next year's upper house election there are several areas where it has been decided to put LDP candidates in one-seat districts with SDPJ incumbents.

So then if the SDPJ were to say it will not cooperate with the new-new party, it would be like the SDPJ declaring defeat from the start.

Naturally, the possibility of pursuing cooperation with the new-new party is being generated as a necessary condition already.

Even a simple calculation based on 300 electoral districts shows that a clash between the LDP and SDPJ is inevitable. And as for about 100 districts, a clash will happen no matter what kind of coordination is done.

With three poles, it becomes possible for the first time for there to be election cooperation. That is why there cannot realistically be cooperation with just one side.

Election cooperation in which one says 'Please help us because our side alone is in bad shape' will end up being the type of cooperation where one is absorbed by the partner party.

[Kawahito] Is early dissolution possible even now?

[Kubo] Even for the purpose of trying to rouse the party to action, I want to continue to say it is even so I myself do not misread the situation. In fact, the LDP and the new-new party, which will come into existence soon, are already making rapid preparations for candidate backing and the election system in heading toward the system of 300 electoral districts. The political parties themselves who argue that early dissolution is improper are creating a condition in which elections should be possible.

[Kawahito] There are some who caution that the SDPJ will be discarded by the LDP.

[Kubo] That is exactly what would happen if the SDPJ lacks a strategy and does not have its own power to fight. Right now, although the SDPJ and LDP jointly possess power under a certain extent of a feeling of trust, politics in the end is a battle between parties. I think that has to be kept in mind.

Even with the LDP, Mr. Kono (president) and Mr. Mori (secretary general) have already begun to say that they are going to give it their all in their desire to return to single rule. What I have done until now has been based on the fact that ending sole rule by the LDP is the first step in political reform; it is the first step in the retooling of politics. Right now we have a coalition government, so that is why we have joined with the LDP.

If the SDPJ looks to the future political situation optimistically just because our leader is in the position of prime minister, we will run into serious trouble. It will become a tortoise and the hare type of competition. Before we realize it the elections will be over...

[Kawahito] Whether there is a new party or a break up, does the SDPJ have the requisite energy?

[Kubo] Oh, tremendous energy and enthusiasm will be necessary to create a third pole even at the risk of our

own necks. If it is not possible even then, I think that we can only end up eventually being engulfed in the waves of political reorganization.

Komei Head Discusses Political Strategy

OW1312030294 Tokyo AERA in Japanese 12 Dec 94 p 12-14

[Corrected version of interview with Tomio Fujii, head of Komei, by AERA staffer Masao Yamamoto; place and date not given; originally filed as OW1212093294 and adds and published on page 27 of the 12 December East Asia DAILY REPORT]

[FBIS Translated Text] [Yamamoto] Why is it necessary to divide Komeito [Clean Government Party] into two parties?

[Fujii] At first, everybody was in favor of joining [the new party] [changing "everybody was against the split" to "everybody was in favor of joining [the new party]"]. Secretary General Yuichi Ichikawa was also in favor [changing "against it" to "in favor"]. In late September, at the enlarged Central Executive Committee meeting, I insisted: "That is not the way to do it. We should divide the party."

Komeito has already nominated 70 percent of local assembly members as its candidates for next spring's unified local elections. Komeito supporters will support them because they are Komeito assemblymen. For all that, if Komeito makes a hasty merger with the Shinshinto [new-new party], which still does not have a definite name, that will give rise to confusion.

There is another thing. The KOMEI SHIMBUN, the party paper, employs 240 staff members and the prefectural headquarters throughout the country employ 360 staff members—about 600 people in all. If they are transferred to Shinshinto [New Frontier Party] at one time, the party will fall into acute financial difficulty.

Actually, Shinshinto has financial difficulties in employing 70- 100 staff members. Therefore, it is theoretically correct for Komeito to take two steps in forming a union with Shinshinto.

[Yamamoto] The matter of government subsidies to political parties had to do with Komeito's decision, did it not?

[Fujii] Yes, that, too, was involved. However, a subsidy of less than 500 million yen will be given to Komei [in reference to the new party consisting of former Komeito local assemblymen] after our separation. If 60-odd Komeito Diet members join Shinshinto, hundreds of millions of yen of party member expenses as well as expenses for legislation and investigation will be gone. Financially, therefore, the party's division will bring us no benefit.

We Summon All Our Forces If We Are Bullied

[Yamamoto] While you were discussing the party's division, the upper house by-election was held in Aichi Prefecture.

[Fujii] All Komeito members of the Tokyo Metropolitan Assembly went there to support Komeito's candidate. They went the rounds of Tokyo branch offices, agencies, and customers of enterprises. Twenty-five members visited hundreds of branch offices and agencies. If they had not approached the people outside Komeito organizations, the candidate would not have won as many votes as they did.

And Soka Gakkai, too, exerted its influence in winning votes. Shigatsukai's [name as published] attack on Soka Gakkai inspired the organization to greater efforts. A religious organization gives full play to its energy if it is bullied; oppression brings about such a result.

[Yamamoto] How do you promote Komeito's organizational change?

[Fujii] At prefectural or local chapter meetings, we are thanking and asking all current party members to join Komei [changing from "Komeito" to "Komei"]. Some may want to join Shinshinto. That is at their discretion, but they cannot belong to two parties.

[Yamamoto] How do you manage Komei? [changing "Komeito" to "Komei"]

[Fujii] The Central Executive Committee will be changed into the Central Secretariat [Chuo Kanji Kai]; chairman into representative; secretary general [shok-icho] into kanjicho. In the metropolitan areas and districts, there will be a headquarter's chief [honbucho] and kanjicho.

There will be 23-24 secretaries [kanji], who will all be local assemblymen. Secretaries from far-off prefectures will attend the Central Secretariat meetings once a month. The Standing Committee, comprised of 8-10 secretaries, will meet once a week to see to the party's daily affairs. Although the Osaka representative will also attend the meetings, party affairs will be conducted with the Tokyo Metropolitan area as the center.

[Yamamoto] Do the leaders get together on rare occasions?

[Fujii] Local assemblymen are busy and it is difficult to get in touch with them, so 11 district councils will be established throughout the country, with proportional voting blocks for the lower house in mind. Contact will be established through council chairmen.

I just make a call at party headquarters every morning. The Tokyo Metropolitan Assembly is the base and the center of my life. The chief of the General Affairs Bureau (staffer) may be stationed in the party headquarters as usual. Work related to Diet affairs will cease to exist, and

so 20-30 staff members will follow the dietmen. The party headquarters will appear empty. Personnel affairs will be reexamined.

Former Komeito Members Are Family Members

[Yamamoto] What is the role of upper house dietmen?

[Fujii] They will perform the role of counselor and will form a link between ourselves and national politics. We obtain information concerning the Diet through them and we convey our requests to the Diet through them.

[Yamamoto] You will have to change the KOMEI SHIMBUN's editorial principles.

[Fujii] Our party will become a local party, and so it will become difficult for our newspaper to carry articles about central politics but we will try to do so. The reason is that if the newspaper carries, for example, only articles about Saitama Prefecture, that will displease the people of Niigata Prefecture.

In reporting on Shinshinto, the newspaper will emphasize the moves of former Komeito members, but it must carry some articles about people other than former Komeito members. These people will become closer to us than "guests." Naturally, a closer relationship with Shinshinto will be reflected in the newspaper.

[Yamamoto] The most important point in the Shinshinto relationship is a general election.

[Fujii] The former Komeito members are our family members. We will support them because they are our blood brothers.

Shinshinto is "our allied political party." We will support those who are on good terms with us. It will be difficult for us to support those who always quarrel with us, but they will be friendly to us.

[Yamamoto] How do you support them concretely?

[Fujii] If a Shinshinto candidate wants to hold a speech in a single-seat electoral district where a former Komeito member does not run, Komei [changing "Komeito" to "Komei"] will hold a briefing session on prefectural politics and let him make a speech there.

However, most of those who run in single-seat electoral districts are able to mobilize supporters for their briefing sessions, and so our support will be mostly supplementary in nature.

If a Shinshinto candidate asks us to introduce him to Soka Gakkai, we may show him the location of Soka Gakkai's office and tell him about the Soka Gakkai situation beforehand. However, whether Soka Gakkai will support him or not will depend on his true worth. Soka Gakkai will not support him entirely at its expense.

[Yamamoto] Where are you going to talk about such things?

[Fujii] The problem is whether a liaison council can be established between Soka Gakkai and Shinshinto whenever it is necessary. That will be a future issue. It is said that Soka Gakkai is going to establish a social council, which, I think, will handle the matter of liaison.

In unified local elections, if requested, Komei will support Shinshinto candidates in electoral districts where Komei candidates do not run. How give-and-take is carried out will depend on an individual district's situation.

[Yamamoto] You are also on friendly terms with the Liberal Democratic Party [LDP] in some districts.

[Fujii] The LDP is not our enemy. It may be our ally in some districts. There may be some cases where it is impossible for us to break off with the LDP because we have cooperated with each other.

However, the cooperation between Komei [changing name from "Komeito"] and the LDP will become less frequent. Shinshinto will run its candidates in every electoral district in general elections. Since there is the proportional representation system, votes in electoral districts where former Komeito members do not run are also important.

As Komei [changing name from "Komeito"] is a local political party, local color of every kind will emerge. Although Komei's [changing name from "Komeito"] central organization cannot control it, it cannot leave the matter to take its own course. We will listen to the opinions in the provinces and they will be coordinated by the Central Secretariat [changing from "by the Central Kanji Committee"]. Adjustment will be gradually completed.

[Yamamoto] Komei has prohibited the receipt of donations from enterprises, but Shinshinto is going to receive donations.

[Fujii] Komei [changing from "Komeito"], too, will receive donations in principle. However, there is a definite procedure for receiving donations. Donations will be received by the party or prefectural headquarters. Receipts and payments exceeding 50,000 yen will be conducted in open and will be managed by only one organization. The receipt of donations will be all right since receipt procedures have become transparent.

The receipt of individual donations will be examined in future.

Joining Forces With the Current Administration Will Be Possible

[Yamamoto] Is there a change in policy?

[Fujii] Fundamentally, ours will be based on Komeito policy, but the wording will be touched up. Governmental issues, such as diplomacy and national defense, will be taken up.

We will refrain from saying what is too different from what Shinshinto says. Since we have former Komeito members in Shinshinto, we will know the party's general situation.

The adjustment with Shinshinto is most imperatively needed concerning such issues as the consumption tax, peacekeeping forces, and Japan's UN permanent membership. Local assemblymen are very cautious about Japan's entry into the UN Security Council as a permanent member. I myself do not think it necessary for Japan to become a permanent member in a hurry.

We are going to strongly advocate decentralization more than anything else. And deregulation, tax reform, and reexamination of the issuance of bonds....

We are going to put pressure upon the national government as if we are conducting local government. This is no longer the age of 30 percent self-government.

[Yamamoto] Will you contact the current administration to realize your policy?

[Fujii] Even now we have made a proposal to the government. Ours is a party for the ordinary people, not a party for ideology's sake. If the current government wholly accepts our policy, we may join forces with it.

However, if that happens, Shinshinto will also become accommodative and we may be courted by both sides.

[Yamamoto] As party head, are you going to meet with other party heads?

[Fujii] No, I am too humble to visit Shinshinto's head. If asked, I will meet with him. However, I have no intention of attending a party heads' meeting.

[Yamamoto] You have completed arrangements with much effort, but you are going to disband in four years.

[Fujii] Theoretically that is correct. However, the time of our union with Shinshinto will depend on the following: at what stage and how ripe is the time for union? Unless Shinshinto is ready to accept us, we cannot join forces with it even if we want to.

If Komei [changing from "Komeito"] joins forces with Shinshinto, Shinshinto will come to have great power. It may rather be that we will swallow Shinshinto [changing from "It may rather be Komeito that swallows Shinshinto."]

Channels Reopened for Corporate Political Funding

OW1712021194 Tokyo KYODO in English 0136 GMT 17 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 17 KYODO—One after another, major business groups and companies have decided to start supplying political parties with

money again soon, a move some say could breathe new life into the scandal-breeding cozy relationship between business and politics.

The decision by industry groups and companies to resume political donations comes after the basic framework of a new two-party political system has taken shape through the inauguration of Shinshinto (New Frontier Party) a week ago.

After the disintegration of rule by the Liberal Democratic Party (LDP) in the summer of 1993, many leading economic groups and companies suspended political funding because of uncertainties over the future course of politics.

While the emergence of some new conservative parties raised the question of which party or parties were deserving of political funds, there was also a chorus of calls for a ban on contributions from businesses.

The industry groups and companies that have decided to again donate money to political parties include the Petroleum Association of Japan, Nippon Steel Corp. and New Oji Paper Co., according to a KYODO NEWS SERVICE survey released earlier this week.

Yoshiro Mori, secretary general of the LDP which is currently a key component of the tripartite coalition government of Prime Minister Tomiichi Murayama, hailed the resumption of political donations. "We appreciate the understanding attitude," Mori told reporters.

In stark contrast, Murayama expressed displeasure about the moves by economic groups and companies to restart the flow of funds, saying, "I don't think it is such a good phenomenon."

Murayama's Social Democratic Party (SDP) [Social Democratic Party of Japan - SDPJ] has long called for a total ban on political contributions from businesses as part of efforts to weed out the corruption endemic in politics.

Chief Cabinet Secretary Kozo Igarashi of the SDP also urged industry groups and companies to refrain as much as possible from liberally giving money to political parties. "As the prime minister says, I hope they will basically refrain from doing so," the top government spokesman said.

Igarashi reasoned that political reform efforts are being made and public subsidies will be available to political parties from state coffers beginning next year.

Despite his wishes, however, major contractors have also decided to restart political donations soon, lifting the ban they voluntarily imposed on themselves following an array of bribery scams implicating a number of large and medium-size contractors. The Japan Federation of Construction Contractors said Friday it will donate both to the LDP and Shinshinto.

At informal cabinet talks the same day, Construction Minister Koken Nosaka of the SDP expressed indignation over the decision. He told reporters that he will ask the federation, consisting of 60 large and medium-standing contractors, to reconsider its plan to resume political donations. The federation's decision is tantamount to negation of the law providing political parties with public subsidies from national coffers, Nosaka said.

Murayama Criticizes Resumption

*OW1612143294 Tokyo KYODO in English 1410 GMT
16 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—Prime Minister Tomiichi Murayama and other cabinet ministers expressed concern Friday [16 December] over resumption of corporate donations to political parties, government officials said.

"This cabinet regards political reform as the most important task, so I am concerned" about the donations, Murayama, chairman of the Social Democratic Party [of Japan] (SDP) [SDPJ], said in a cabinet meeting.

The Japan Federation of Construction Contractors said Friday it will resume donations to the Liberal Democratic Party (LDP), the largest among the three ruling coalition parties, and to the newly formed opposition Shinshinto (New Frontier Party).

The federation, formed by 60 large and medium-size contractors, suspended political donations after a number of contractors were prosecuted in connection with bid-rigging and money scandals involving politicians.

"It is problematic for industries to resume political donations at the time of drafting the budget after corruption involving general contractors caused public distrust in politics," Construction Minister Koken Nosaka of the SDPJ said. "The LDP needs a humble attitude," he said.

Home Affairs Minister Hiromu Nonaka and Transport Minister Shizuka Kamei, both of the LDP, echoed the view.

Foreign Minister Yohei Kono, also LDP president, only said his party will discuss the matter.

Chief Cabinet Secretary Kozo Igarashi, an SDPJ member, urged industry groups and businesses to halt donations to political parties that will receive taxpayers' money as government subsidies, starting next year.

Kenji Maeda, the federation's head and chairman of Maeda Corp., told a press conference that he has proposed to federation members a guideline for donations to the two parties, but declined to comment on their amounts.

In the wake of the scandals, the Federation of Economic Organizations (Keidanren), the nation's top business

organization, in September 1993 decided not to collect donations from member companies and donate them to the LDP and the Democratic Socialist Party, mostly to the LDP.

Some industry groups and individual enterprises, including oil refiners and automakers, have decided to resume contributions independently to political parties.

Because of enactment of a political reform package, parties will receive official subsidies from next year based on the amount of donations received in 1994.

Shareholders Seek Ban

*OW1912060694 Tokyo KYODO in English 0433 GMT
19 Dec 94*

[FBIS Transcribed Text] Osaka, Dec. 19 KYODO—Shareholder advocates sought a court injunction Monday [19 December] against three major Kansai area companies to block them from making political donations in next April's election for Osaka prefectural governor.

Two representatives of an Osaka-based civic watchdog organization, "Civic Ombudsman," filed the lawsuit as shareholders of the three companies, construction giant Obayashi Corp., Kansai Electric Power Co., and Osaka Gas Co. The lawsuit, filed with the Osaka District Court, represents the first time Japanese shareholders have tried to block political contributions.

The plaintiffs charged that in the last Osaka gubernatorial election in 1991, the three firms had helped organize campaign contributions from 129 other companies for current Osaka Gov. Kazuo Nakagawa. The total business contribution was 420 million yen.

They said Obayashi violated the public office election law by making donations to Nakagawa because the law bans contractors from making such donations to the chiefs of local governments that award public work projects contracts.

Obayashi had received public works project contracts worth 14.8 billion yen.

The suit charges that Kansai Electric Power and Osaka Gas violated rules under the political funds control law by providing donations to Nakagawa over the legal limit of 1.5 million yen.

The chief accountant of Gov. Nakagawa's support group has already been indicted for allegedly understating campaign contributions for Nakagawa's 1991 campaign in a report submitted in 1993 to the Home Ministry.

The plaintiffs in the landmark case are lawyer Tadashi Matsumaru and Hiroaki Koyami, a city assemblyman from Sennan in Osaka Prefecture. Gov. Nakagawa has declared he will run in next year's gubernatorial race.

LDP Committee Cautious on Constitutional Revision

OW1612130294 Tokyo KYODO in English 1240 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—A panel of the Liberal Democratic Party (LDP), a key force in the three-party ruling coalition, drafted a new declaration which takes a cautious approach on the issue of constitutional revision, reversing a decades-long call for the establishment of an "independent constitution."

The committee, chaired by former Justice Minister Masaharu Gotoda, delivered to Party President and Foreign Minister Yohei Kono a draft of a new declaration for the LDP along with a proposal for revised party ideals and a new party platform.

The draft of the new declaration urges that "dialogue with the people proceed on a broad scope in order to accommodate the changing times while standing on such basic principles as pacifism and fundamental human rights."

While the draft statement did not reject the debate on revising the constitution, analysts suggested it represented a major shift in the platform of the party which had called for an independent constitution, insisting that the 1946 constitution was drafted by U.S. occupation authorities following the end of World War II.

The declaration draft and proposed policy changes are expected to be presented to the regular party convention next month and LDP watchers expect former Foreign Minister Michio Watanabe and other staunch conservatives to oppose the changes.

The declaration draft called for a "serious debate" over the constitution, but Watanabe countered that the party must make clear its intention to create a new constitution.

It also calls for the LDP to "flex the strength of its entire body in order to obtain overwhelming support."

It also declared that for Japan to aim for an identity as "a dignified international pacifist state," it must make international contributions toward peace and strive for an economy which thrives within the framework of the international economy.

The declaration also called for reform toward an objective of a smaller government.

Toyota Expects Domestic Sales To Increase

OW1912040994 Tokyo KYODO in English 0301 GMT 19 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—Toyota Motor Corp. said Monday [19 December] it expects its domestic sales to climb 10 percent in 1995 to some 2.24 million vehicles after falling 1 percent to 2.04 million in 1994.

Toyota President Tatsuhiro Toyoda, in announcing the projection, cited growing signs in the second half of this year of a recovery of domestic sales.

The No. 1 Japanese automaker is also bullish on overseas production for the coming year, forecasting it will increase 18 percent to 1.25 million vehicles to match the company's overall exports.

Toyota is bearish on exports and domestic production, expecting exports to dip 17 percent to 1.25 million vehicles and domestic output to tumble 3 percent to 3.42 million.

Council Not To Compile Imported Auto Parts Records

OW1812041594 Tokyo ASAHI SHIMBUN in Japanese 16 Dec 94 Morning Edition p 13

[FBIS Translated Text] The Japan Automobile Manufacturers Association [JAMA], which is composed of major Japanese auto manufacturers, announced on 15 December that it would not compile statistics on purchases of U.S.-made parts by member companies during the first half-year period (April to September). JAMA Chairman Tatsuhiro Toyoda said, "The numbers for only the first half-year period are meaningless."

The Japanese manufacturers' plan is to purchase a total of \$19 billion worth of U.S.-made auto parts in 1994, but in the auto industry, there have existed strong complaints about the possibility of the \$19-billion figure being regarded as a commitment made to the United States. Given this condition, the association appears to have decided that it would be better not to compile statistics for the first half-year period this year.

Many in the auto industry are concerned that the United States may demand an increase in Japan's procurement of U.S.-made auto parts in the new Japanese-U.S. economic talks that will resume soon, and many people think that statistics for the first half-year period, when Japan's auto production was low, should not be prepared.

Since 1987, the JAMA twice a year has compiled and announced statistics for U.S.-made auto parts used in Japan—for the first half-year-period and the second half-year period—broken down in six categories concerning the parts.

Rise in Demand for Specialty Steel Expected

OW1912073394 Tokyo KYODO in English 0643 GMT 19 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO—Japan's domestic and export demand for specialty steel such as stainless steel in fiscal 1994, ending next March 31, will post the first year-on-year rise in four years, the Trade Ministry forecast Monday [19 December].

The Ministry of International Trade and Industry (MITI) forecast the demand at 15.20 million tons, up 4.2 percent from the previous year.

It also predicted demand for specialty steel in the first quarter of 1995 at a monthly average of 1,306,200 tons, up 11.1 percent from a year earlier.

MITI said demand for specialty steel has already bottomed out.

MITI said domestic demand will rise 17.7 percent from a year earlier, due to booming demand from the Japanese automobile industry. Export demand, however, is likely to continue falling, it said.

Financial, Manufacturing Hollowing Out Addressed

952A0143A Tokyo THIS IS YOMIURI in Japanese Nov 94 pp 150-159

[Article by Tomomitsu Oba, director of the Japan Center for International Finance: "Hollowing-Out in Manufacturing, Financial Sectors; Wilting Dream of International Finance Center"]

[FBIS Translated Text] Together With Manufacturing a "Dual Hollowing Out"

Hollowing out is progressing in two areas. There is a hollowing out in both manufacturing and finance. The expression hollowing out in manufacturing is frequently used in newspapers and magazines. But the expression hollowing out in finance is new to the ear. I myself have started using the expressions "hollowing out in two sectors" or "hollowing out in finance" since June. I started using them when the Finance Ministry's International Financial Trading Special Committee of the Council for Foreign Exchange and Related Matters in early June published its report "Unifying the Domestic and Foreign Economies and International Financial Trade—Deepening the Network With Asia." Frankly, I was reluctant to use the expression "hollowing out in finance." This is because when banks are holding bad assets if you say hollowing out there is a fear that it may mistakenly be taken to mean that there is a deficit in the assets.

However, I thought it was appropriate to use the expression "hollowing out in finance" in order to get the interest of many people both in Japan and abroad.

The reaction from London newspapers such as THE FINANCIAL TIMES and THE ECONOMIST was even faster than that from newspapers in New York. In Japan, this moved even the YOMIURI SHIMBUN, which is proud to have the biggest circulation in the world.

To be more precise, hollowing out in finance means a hollowing out in the Tokyo financial capital market. This means that the Tokyo financial capital market is becoming inferior in the fierce competition with the Hong Kong and Singapore markets. It has not been

defeated yet. But if it stands idle, I think the Hong Kong and Singapore markets will overtake the Tokyo market.

Until just recently, we had the idea that the Tokyo market was an international financial center, side by side with the New York and London markets. We were hoping that within five years the Tokyo market would pass London and grow to be an international financial center which would compete with New York.

But it is facing competition with Hong Kong and Singapore and is being pursued.

Also, to be more precise about hollowing out in manufacturing, this is a movement towards establishment of a system of an international division of labor in Japan and abroad by increasing overseas direct investment. For example, medium and small color television sets would be produced in Singapore and Malaysia, and large and high-definition television sets would be produced in Japan.

High Yen Promotes Direct Investment

The high yen has advanced rapidly since the Plaza Accord in 1985. The yen rate changed from 240 yen before the Plaza Accord to 170 yen in six months and to 140 yen by April 1987. There is no mistake that with this onward march of the high yen, the hollowing out in manufacturing, namely an increase in direct investment, was being advanced.

Direct investment increased from \$2 billion in FY 1985 to \$14 billion in FY 1988. Even after it reached \$16 billion at its peak in FY 1989, over \$10 billion has been invested every year.

These figures are direct overseas investments based on the amount reported to the Ministry of Finance, but it seems that funds used for manufacturing operations in the countries invested in amount to several times as much as these figures. It is comparatively easy for enterprises advancing abroad to raise funds locally.

Direct overseas investments of Japanese manufacturing industries centered on the United States for five years beginning in 1987. This was because there was trade friction centering on electric machinery and appliances and cars, and, in order to maintain sales, Japanese industries had to push manufacturing locally in North America.

During this period an enormous amount was invested in the United States, not only as direct investment in manufacturing but also in real estate and securities. Most of the deficit in the current account balance of the United States in the latter half of the 1980's was financed by Japanese manufacturing and services.

Accompanying this rush for investing in the United States, the U.S. people's concern about Japanese money rapidly increased, and this created a situation in which investment friction was feared in addition to trade friction.

I had mixed feelings when I saw a newspaper cartoon in Philadelphia at the beginning of 1987.

It was a cartoon of a U.S. laborer marching in a demonstration, holding a big sign. The sign said "BUY AMERICAN." On the top right of this cartoon, a small man was standing, holding a small sign. In every respect, it looked like a Japanese man. The small sign that this Japanese man was holding said "BUY AMERICA."

Investment friction was feared at the time, so hollowing out in manufacturing was not even being considered as a problem yet.

The idea of hollowing out was becoming better known gradually along with the increase in direct investment to Asia since 1989.

Expansion of Operations in Asia

The amount of direct investment in manufacturing in Asia, which had been averaging \$600 million per year in the first half of the 1980's, reached \$3.2 billion in FY1989. While the amount of new direct investment in the United States is decreasing, the amount of direct investment in Asia was hovering around \$3 billion until FY1992, and increased to \$3.7 billion in FY 1993. Also, when we look at the number of foreign-affiliated manufacturing enterprises which advanced to Asia, it was 745 during the period of FY1987-92, which was more than three times as many as the 228 in the period FY1981-86. This also tops by a large margin the number of enterprises that moved into the United States, 379, and the 244 enterprises that moved into Europe in the same FY1987-92 period.

The advancing of Japanese manufacturing enterprises into Asia started with the NIE's [newly industrializing economies] such as South Korea, Taiwan, Hong Kong, and Singapore. After that, it expanded to the ASEAN countries such as Thailand, Malaysia, and Indonesia. Recently, advancing into China was added and the sphere of operations is further expanding into Vietnam.

Meanwhile there has been a change in the objective of investments by Japanese manufacturing industries. At first, in order to cope with the relative rise in labor costs caused by the high yen since 1985, they moved into the NIE's such as South Korea and Taiwan to seek cheap labor. This is because the NIE's provided conditions such as being well equipped with infrastructure and geographically close to Japan, having comparatively stable governments, in addition to having abundant, high-quality, low-cost labor.

But primarily due to the rise in wage levels accompanying the high growth in the NIE's, the number of industries advancing to the NIE's has decreased since FY1990.

On the other hand, the wage levels in ASEAN countries such as Thailand, Malaysia, and Indonesia are low and they are attractive to Japanese manufacturing industries.

The wage levels of the NIE's were one-fifth of Japanese wage levels in 1986 and one-third in 1990, and it has increased to about one-half at present.

On the other hand, it is said that in the ASEAN countries wage levels are now around 1/12th of Japan's in Malaysia and 1/30th in Indonesia. Also, it is about 1/40th in Shenzhen, China, and 1/100th in Vietnam. In Burma, it is probably around 1/500th.

Another big reason for Japanese manufacturing industries to shift their investing area from the United States to Asia since 1990 is profitability. Looking at the average current rate of return on sales in FY1990-92, compared to an average loss of 2 percent on sales in the United States, there was a 5-percent profit in Asia. Manufacturing industries advancing to Europe are breaking even.

Thus, Japanese manufacturing industries have expanded their sphere of operations even in Asia. The International Financial Trading Special Committee of the Council for Foreign Exchange and Related Matters summarized direct investments to Asia as follows.

"Even in the Asian countries where Japanese manufacturing industries have already advanced, with the background of rising wages in those countries, investments to NIE's are shifting in emphasis from labor-intensive types based on cheap wages to technology-intensive types, which can be seen in the high-tech fields such as automobiles, electronics, and information-management industries. Also, investment to ASEAN is shifting emphasis from labor-intensive production aimed at simple assembly processing of knock-down systems, to integrated production from the parts level, which can be seen in mass production factories for home appliances. Furthermore, recently investments aimed at labor intensive production such as the garment industry are moving to China, which is changing the contents of investments."

Localization by Advancing Industries

Looking at enterprises which have advanced into Asia, as I stated earlier, from labor-intensive assembly production items and widely used low value-added products, the production base itself has gradually shifted abroad.

Since FY1987, especially centering on the makers of home appliances which advanced to the ASEAN countries, even the localized production of high-level, high value-added products has progressed through the introduction of the newest facilities.

At the beginning of March 1994, I met the local representative of a Japanese home appliances maker which has established a new factory in Singapore. Upon hearing the explanation that this factory has the latest technology and requires almost no personnel to work in it, I asked, "If it is an unmanned factory, why didn't you build the factory in Japan?" The answer from the local representative was as follows. "First, it is easy to procure parts which are necessary for local production. Excellent

quality parts can be procured on schedule. Second, completed products are sold to the surrounding countries. So the factory has to be in Singapore."

I asked a question about the rate of local parts supply at a factory of a home appliances maker in Kuala Lumpur. To my surprise, I was told that 90 percent of parts are supplied locally, and also that the rate would reach 99 percent within a year. The 1 percent that is imported from Japan is semiconductors.

Until now, it has been considered difficult to supply locally the intermediate material such as parts necessary for local production by enterprises which have moved into Asia, because of problems with quality control and on-time delivery.

In the case of enterprises that produce high-level, high value-added merchandise, as they needed to use Japanese-made electronic parts, after advancing abroad they continued to import Japanese parts and semi-manufactured items.

However, the rate of local supply was increased because of the continued advancing of Japanese parts industries together with improvement in the technical capability of local enterprises.

Especially in Singapore, making the best use of infrastructure such as geographical conditions and port facilities, it is beginning to play a role as the largest parts supply base in Asia, especially in the ASEAN areas. Among the advancing enterprises, there are those that have established international supply offices and are using them actively as parts supply bases.

I went to Singapore on a business trip in March and visited a major enterprise and a smaller enterprise that produce parts. The major enterprise was producing electric wire, and the smaller enterprise was producing air conditioners and small motors for washing machines. Both enterprises moved abroad as parts suppliers, following a major home appliance maker, because of the strong request from this maker.

So, most of their products are being sold to this major maker.

In relation to such localization of parts supply, development of a network trade system among Japanese enterprises advancing into local countries and a regional network in ASEAN can be seen recently.

The report of the International Financial Trading Special Committee of the Council for Foreign Exchange and Related Matters points out as follows, "Preparation for a system of division of labor and complementary production is being pushed. For example, in the automobile industry, local enterprises in each ASEAN country are specializing in respective parts production such as diesel engines in Thailand, gasoline engines in Indonesia, clutches and electronic parts in Malaysia, and transmissions in the Philippines, and by accommodating each

other, each country could assemble cars completely. It is expected that the movement for forming such networks will be accelerated according to the progress of the schedule for reducing tariffs in ASEAN which was started in January 1993 in order to form an ASEAN Free Trade Area (AFTA)."

Japanese Investments Contributing to Growth

Last September, the World Bank released a report, "Miracle in East Asia." It points out that the reason East Asia is enjoying high growth rates as a growing center of the world is that direct investment by manufacturing industries from such countries as Japan is increasing, in addition to its high inclination for savings, high-quality labor force, and political stability.

The growth rate of the ASEAN nations this year is expected to reach 6-8 percent, except for 3 percent in the Philippines. Also, in China it will be over 10 percent.

The increase in overseas direct investments has increased employment and facility investments in Asia. The result of this is high growth rates, and this high growth is contributing to political stability.

This movement should cause decreasing employment and facility investments in Japan. But, since the increase in facility investment in Asian countries is tied to the export of machinery, equipment, and capital goods from Japan, and furthermore, it is tied to the export of parts and raw materials, this movement will not immediately lower employment and facility investment in Japan.

Establishment of a system of international division of labor in Japan and abroad in broad fields such as electrical machinery and appliances, and automobiles, is a natural development under the market economy. Rather than taking this as hollowing out, we should deal with it positively as a strategy to promote an international division of labor.

However, even though it is a matter of the future, we must be prepared for a decrease in facility investment and employment.

But facility investment and employment in Asian countries into which Japanese enterprises have advanced will continue to increase. I think we may be proud that Japan is contributing to the prosperity of Asia through increasing direct investment.

The hollowing out of finance is the fact that the Tokyo financial market is falling behind in the competition with the Hong Kong and Singapore markets.

The hollowing out in finance is not unrelated to the hollowing out in manufacturing. Japanese enterprises which have advanced into Asia are providing necessary funds locally for manufacturing operations. Among these enterprises, there are enterprises which established subsidiary financial firms in Hong Kong and Singapore as in-area bases which are providing a source of funds.

Procurement of short-term funds is going smoothly for the most part. More than 90 percent of the necessary funds are provided locally by local financial organizations. Only a limited amount is loaned from Japanese parent companies.

In some countries where Japanese banks have advanced, there are many cases in which funds are loaned from both local banks and Japanese banks. Also, where several different Japanese banks have advanced, there is dumping competition for interest rates.

As for long-term funds, except for Hong Kong and Singapore, it is still difficult to procure funds smoothly because domestic financial markets for medium- to long-term loans are undeveloped. The present situation is that those enterprises which have advanced are getting most of their long-term funds such as facility investment funds by rollover and swapping of short-term loans. But stock markets in Asian countries were holding 200 to 700 companies per market in 1993, and also the total market value reached about \$200 billion in Thailand, Malaysia, and Singapore, and \$400 billion in Hong Kong. It is considered that the means to provide long-term funds will gradually be diversified.

Thus, the problems in procuring funds by enterprises which have advanced to Asia is in the background of the competition between the Tokyo financial capital market and both the Hong Kong and Singapore markets.

Formidable Hong Kong and Singapore

First, let's take a general look at the Hong Kong and Singapore markets, which are competitors of the Tokyo financial capital market. The Hong Kong market has played an important role in both providing and managing funds internally and externally together as a regional financial center. With the development of China's reform and liberation policy, a close relationship with the Chinese economy, especially the South China economic zone, is developing. The reversion to China in 1997 is approaching, but the scale of trade is being expanded in the form of strengthening financial operations in each area of China, such as in Shenzhen.

Also, Hong Kong is contributing to the flow of direct investment into China as an area connecting the Western world and China. It is said that, at present, direct foreign investment in China that is invested via Hong Kong is about 60 percent of all direct investment. The benefit of using Hong Kong as a cushion when investing is its enriched infrastructure and talent. The communication system, transportation, electrical power, port facilities, legal system, finance, etc. are so excellent that they cannot even be compared to China.

Also, many intellectuals are educated in Europe and the United States, and, while acquiring the sensibilities of Europe and the United States, they continue to maintain the sense of Chinese. The benefit of having "a Chinese

who can communicate in English" when investing in China from abroad is not small.

In contrast to Hong Kong having China as a background, the background for Singapore is Malaysia. But to put it in extremes, in contrast to China trying to keep Hong Kong alive, Malaysia is trying to kill Singapore.

Malaysia founded an offshore market on Labuan Island off the coast of Borneo Island in October 1990 and the advance of Japanese banks is also in progress. The objective of this offshore market is regional promotion of the East Malaysian area, but its aim is to loan foreign currencies to Malaysian enterprises that had been borrowing in Singapore.

In the midst of the movement for the establishment of such a Malaysian offshore market, Singapore is aiming to become an advanced international financial center and is enthusiastic about stocking new instruments that are not inferior to those of advanced markets such as New York, London, and Tokyo.

Singapore established the first futures market (SIMEX) [Singapore International Monetary Exchange] in Asia in 1984, and vigorous financial derivative instruments trading such as futures and options has been seen.

Singapore has strong interest in Japan, and stock price indexed derivative instruments, Japanese government bond futures, and Japanese government bond options such as Nikkei 225 and Nikkei 300 are being listed on the market.

At present, cooperation among futures markets and spot futures markets are being discussed between both the Tokyo and Osaka security markets and SIMEX.

Sinking Tokyo Foreign Exchange Market

The sinking of the foundation of the Tokyo foreign exchange market is being whispered about. It is said that a stable yen/dollar rate cannot be decided in the Tokyo market. Buying of dollars on a fairly large scale by currency authorities is not showing its effectiveness.

The important changes in level, such as, rates becoming 90 yen or 100 yen to the dollar, are taking place in New York, not in Tokyo.

The Tokyo foreign exchange market was originally an exchange market centering on spot trades. Even though futures and swap trades have increased, the scale of the trade is small compared to New York and London. Also, the mark and dollar trade in Asia is centered in Singapore.

There are powerful U.S. and French banks that are moving currency option dealing from Tokyo to Singapore. There is also the situation that, if the customer requests it, they must do their trading in Singapore since the Tokyo foreign exchange market closes at 1530 in the afternoon.

When I listen to opinions from top executives of foreign banks and foreign security firms, it seems like they are not very interested in the bank loan business. From the beginning, it was a burden for them to do the loan business in the middle of the strong relationship between Japanese banks and enterprises. Moreover, the enterprises' weak demand for funds after the bubble collapsed spurred indifference towards the loan business.

They are holding out, hoping there is still a business chance in the securities business. But listings of foreign enterprises on the Tokyo securities trade market continue to decrease. Also, under the circumstances that the volume of stock business is narrowed and the amount of bond issuance has not been restored to previous levels, they cannot avoid having a hard time.

There are not a few opinions that it is not necessary to place all the functions in Tokyo, including the function of the headquarters for all of Asia. Because of the progress in means of communication, there is no problem even if the financial derivative instruments business and back office departments (rear area work such as post trading payments and commission calculations) are concentrated in one place as long as it is in the same time period. It is the opinion of most top executives of foreign banks and foreign securities firms that Hong Kong and Singapore are better than Tokyo for the reasons stated below.

High Costs and Strict Regulations

The first reason is the high cost of the Tokyo market. It is said that the rent for offices and housing in Hong Kong is catching up with Tokyo, but besides that, Tokyo is extremely expensive, including personnel expenses and commissions.

In particular, many opinions point out the high corporate taxes and income tax. For example, it is necessary to consider the net salaries that foreign banks and securities firms pay to European and U.S. officers and, comparing Japan where the highest rate for income tax and the resident tax reaches 65 percent to Hong Kong with 16.5 percent, the difference in the burden on the company would be more than twice as much. This means that midlevel European and U.S. officers cannot be hired in Japan unless they are paid almost the same amount of salary as top executives would get in their own countries.

This has not changed basically from the beginning since foreign banks and securities firms advanced to Japan. But it became a problem since the business environment has changed greatly and the management of profits and expenses had to become strict.

Also, European and U.S. customers would not pay the securities transaction tax that other markets do not have. It seems there is no other way except that they pay themselves. Thus, many aspects of the tax system, both direct and indirect taxes, are pointed out.

The second reason is regulations.

Tokyo representatives of foreign banks and securities firms appreciate the easing of regulations since the report of the U.S.-Japan Yen-Dollar Committee in 1984. But there are still many complaints that it is too slow.

It is considered that new instruments such as derivatives will be a powerful weapon for foreign banks and the like to have a strong hold on the trade with Japanese enterprises in Japan, where relationships especially between financial organizations and enterprises are strong. However, prior acknowledgement procedures take a long time. A lot of criticism was heard on this matter.

The interest in this derivatives trading is extremely high worldwide.

The risk accompanying trade is only increasing for enterprises that are promoting business under the market economy. The yen goes up to break the 100-yen-to-the-dollar level or drops back down low. It is hard to see if short-term interest rates will go up or down. The rising and falling of stock and bond prices are also a cause for anxiety. It is not clear if the price of crude oil would be \$20 or \$15.

The financial derivative instrument was born and developed to hedge such risks for enterprises. So financial derivative instruments are generally classified into four categories according to the contents of the original assets, as follows: "Foreign exchange related (currency related)," which is the trade between different kinds of currencies; "interest rate related," aimed at interest rates of things such as savings and bonds; "equity related," aimed at things such as stock price indexes; and "merchandise related," aimed at merchandise prices such as crude oil and gold.

In Japan, interest-rate swapping was developed in the beginning to exchange fixed interest rates and fluctuating interest and to mutually hedge the interest risks. Later the need for hedging against exchange rate fluctuation risk has increased and new financial derivative instruments are being created one after another. However, comparing the situation to Europe and the United States, there are not many kinds of instruments and the amount of the trade is low.

Especially in the United States, the trading balance at the end of March 1994 was \$14 trillion and the 10 highest-ranking firms share 92 percent—\$13 trillion—and the trading balance was 14 times as much as gross total assets. The Chemical Bank and Bankers Trust had trading balances that were more than 20 times as much as total assets and this has become a powerful profit source.

On the other hand, city banks, long-term credit banks, and trust banks in Japan generally have a trading balance of only 1.8 times as much as total assets. The three largest banks in Germany have fallen behind in this trade, but they still had a trading balance of about twice

as much as total assets at the end of last year. German banks had 1.3 trillion marks, which is 2.4 times as much as total assets.

Both the Singapore and Hong Kong markets are vigorously dealing with the trading of financial derivative instruments such as futures and options and the overlapping of instruments is happening between the Tokyo market and both markets.

It is becoming possible for the enterprises and investors who take advantage of such instruments to select markets to trade in according to the difference of efficiency and instrument character of each market, and the competition among markets is fierce. It is a fact that the Singapore market is more attractive than the Tokyo market.

Coping With Dual Hollowing Out

Facing a dual hollowing out, what is the best way for Japan to cope?

If the hollowing out in manufacturing is considered as an establishment of a system of an international division of labor under the circumstances of the high yen, it is important for each industrial group, business world, and manufacturing enterprise to elaborate a management strategy for which commodities are appropriate for domestic production and which are for overseas production. This is already done by many large enterprises, but it seems important for medium-to-small enterprises that produce parts also to develop a strategy for choosing whether to produce parts domestically or abroad.

Thus, the Japanese industrial structure is shifting to a horizontal division of labor with the overseas economy. So, as a base for the intellectually intensive type of economy like that of the United States, Japan also needs to use a strategy to promote development of high-level information industries and service-related industries.

Without new growing industries, an increase in demand and employment cannot be promoted.

The role for the government in the hollowing out in manufacturing is a thorough easing of regulations and stabilizing and reducing of public fees. Also, in order to avoid an unbalance and mismatch in the employment between different kinds of businesses and enterprises, the enrichment of policies for professional ability development, educational training, and reemployment services needs to be promoted.

Limits to the Government's Role

There is a limit to the government's role. After all, the strong wills of enterprise managers and laborers are necessary for ingenuity and reform.

At the beginning of this year, when I met a leader of a bank in a large country in Europe, the following comment was given: "French managers would say the government is bad if the business does not go well. But they

would be holding the government's helping hand. German managers are different. They would be full of fight and work harder if they face difficulty. They would not think of depending on the government. I wonder when Japanese managers became like French managers."

What can be done about the problem of the hollowing out in finance; that is, how can the Tokyo capital market be made strong enough so that it would not be defeated by the Singapore and Hong Kong markets. Since the cause of the weakness is clear, the problem should be dealt with.

First, the easing of regulations. The restrictions for protecting investors on which too much stress has been laid should be reconsidered. Under the market economy, self-responsibility of the investors should be carried out.

For new financial derivative instruments, advance notification to the Ministry of Finance should be enough. But, since this trade does not appear on the balance sheet, it is necessary for the people participating in the market to properly disclose things such as risk-related information.

Tax system reform should be started. The reduction of the income tax and local tax must be promoted. The securities transaction tax should be abolished and the assets taxation should be enriched. The U.S. income tax rate (highest tax rate 39.6 percent, 47.2 percent if local tax of 7.6 percent is added), and the value-added tax rate in Europe (average tax rate 15 percent) should be studied. It seems possible to carry out a reduction in commissions under high costs.

A reduction of exchange transaction commissions (the commission of 1 yen per \$1 is too high for travelers) and intermediate commissions for funds and stocks should be started.

If we do nothing, the Tokyo financial capital market will become a giant local market with only an enormous amount of excess savings. We want to avoid this.

North Korea

Shooting Down of Helicopter Over MDL Announced

*SK1712042694 Pyongyang Korean Central
Broadcasting Network in Korean 0404 GMT 17 Dec 94*

[FBIS Translated Text] This just in. Antiaircraft artillery men [kosapobyong] of the Korean People's Army shot down [kyokchu] an enemy helicopter which deeply penetrated into our side's territorial airspace. Around 1045 [0145 GMT] today, the enemy helicopter crossed the Military Demarcation Line [MDL] along the eastern sector of the front and illegally penetrated deep into the sky [sanggong kipi pulbop chinip] over Ipo-ri, Kumgang County, Kangwon Province.

Thanks to self-defense measures of the antiaircraft artillery men of the Korean People's Army who were defending the socialist fatherland's territorial airspace with high alertness, the enemy helicopter was shot down in our area with a single shot. The relevant agency is currently investigating the case of the helicopter's illegal penetration.

U.S. Military Cited on Incident

OW1712061194 Tokyo KYODO in English 0502 GMT 17 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 17 KYODO—North Korea shot down a south side helicopter Saturday [17 December] for violating its air space, according to Radio Pyongyang monitored by Radiopress in Tokyo.

An earlier report by South Korea's Munwha Broadcasting Corp. (MBC) said that a U.S. Army reconnaissance helicopter had landed in North Korea around 10:40 A.M. Saturday at a point about 5 kilometers north of the demarcation line.

U.S. military authorities said the chopper, with two U.S. Officers on board, was on a routine reconnaissance flight at the time of crossing into North Korea, according to the report.

A spokesman for the U.S. military said unconfirmed reports had been received about the incident and that an investigation is under way to determine what has happened to the helicopter.

KCNA Version of Helicopter Downing

SK1712044294 Pyongyang KCNA in English 0433 GMT 17 Dec 94

["KPA Antiair Gunners Bring Down Enemy's Helicopter"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 17 (KCNA)—A helicopter of the enemy illegally flew deep into the air above the Ipo-ri area, Kungang county, Kangwon Province, at around 10 hours 45 minutes today (December 17), crossing the Military Demarcation Line [MDL] in the eastern sector of the front.

The helicopter was brought down at one shot in the area of our side in a self-defensive measure of the antiair gunners of the Korean People's Army who were vigilantly guarding the air space of our socialist motherland.

The competent organ is investigating the illegal intrusion of the enemy's helicopter.

U.S. Congressman Richardson Arrives 17 Dec

SK1712140294 Pyongyang Korean Central Television Network in Korean 1325 GMT 17 Dec 94

[FBIS Translated Text] U.S. Congressman Bill Richardson and his entourage arrived in Pyongyang on 17 December. (Song Ho-kyong), member of the (?advisory

committee) of the Foreign Affairs Committee of the Supreme People's Assembly, and other functionaries concerned welcomed them at the airport.

Meets SPA Chairman

SK1812083994 Pyongyang KCNA in English 0830 GMT 18 Dec 94

[FBIS Transcribed Text] Pyongyang, December 18 (KCNA)—Hwang Chang-yop, chairman of the Foreign Affairs Commission of the Supreme People's Assembly [SPA], today met and had a conversation with Bill Richardson, member of the House of Representatives of the United States, and his party.

Pak Kyong-son, vice-director of a department of the Central Committee of the Workers' Party of Korea, was on (?hand).

Talks With Foreign Minister

SK1812084394 Pyongyang KCNA in English 0829 GMT 18 Dec 94

[FBIS Transcribed Text] Pyongyang, December 18 (KCNA)—Vice-premier and Foreign Minister Kim Yong-nam today met and conversed with Bill Richardson, member of the House of Representatives of the United States, and his party.

Present there was Song Ho-kyong, advisory member of the Foreign Affairs Commission of the Supreme People's Assembly.

Ministry Delegation for Talks in U.S. Returns

SK1812094094 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 18 Dec 94

[FBIS Translated Text] The DPRK Foreign Ministry delegation, that took part in the expert-level talks on setting up liaison offices between the DPRK and the United States held in Washington in accordance with the DPRK-U.S. agreed framework, flew back home on 17 December.

U.S., ROK Conduct 'War Exercise' 15-16 Dec

SK1712151894 Pyongyang Korean Central Broadcasting Network in Korean 1215 GMT 17 Dec 94

[FBIS Translated Text] According to a military source, on 15-16 December the U.S. imperialist warmanics, along with the puppets, conducted a joint aerial war exercise—which was aimed at a northward invasion—with the sky over the areas of Oeyon island and (Sang-dong) as its axis by flying fighter-bombers and ship-based assault planes from its overseas bases into the sky over the South Korean area.

Several dozens of planes took off from the overseas bases and approximately 560 fighters belonging to the overseas air forces of the 7th U.S. Air Force were intensively mobilized in the provocative war exercise, which was

frantically conducted day and night according to a combined operational plan [tonghap chachon kyehoek] of the U.S. Pacific regional overseas Air Force Command.

Also, on 16 December, the South Korean puppets openly mobilized and deployed military vehicles equipped with 105-mm guns from Kumsan-ri, Paju-kun—which is located in front of us—to Munju-ri in (Kapung-kun).

Prior to this deployment, at around 2200 on 15 December, several hundred puppet armed bandits, who occupied combat positions at the edge of (Sagongri) at Tangmok-ri in Paju-kun, which is a front line, were running madly about conducting a night-attack operational exercise for a northward invasion, firing signal ballots and flare bombs in succession. At around 1030 that day, the puppet quasi-tank group [chun tangku chiptan], which occupied the attack starting position at the edge of Kunpa-ri in Paju-kun, showed the spirit of warmanics by firing approximately 60 tank shells, moving toward the Demilitarized Zone along the single road south of Imjin river.

On 15-16 December, the puppet 105-mm and 155-mm artillery gun groups—which were mobilized and deployed into Changda-ri in Paju-kun, a western area of the front, and into the edge of [word indistinct] in Chorwon-kun, South Korean Kangwon Province, a central area of the front—randomly fired approximately 790 shells at the Demilitarized Zone.

The puppet armed bandits, who occupied a position of an unnamed hill at the northern area of Kangsan-ri at Chorwon-kun in the South Korean Kangwon Province, madly fired approximately 350 bullets of 12.7-mm caliber machine guns and seriously irritated us.

All of these frantic war exercise plots by the U.S. imperialist warmanics and the South Korean puppets were conducted at the same time when the U.S. air carrier "Constellation" sneaked into the port of Pusan. Therefore, we cannot but regard it as very grave [touk omjungsi]. The U.S. warmanics and the Kim Yong-sam fascist clique should clearly see the reality and act with discretion.

More on War Exercise

SK1812082894 Pyongyang KCNA in English 0821 GMT 18 Dec 94

["Adventurous War Games Against North"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 18 (KCNA)—U.S. imperialist war-thirsty elements staged an air war exercise against the North jointly with the South Korean puppets on Thursday and Friday, according to military sources.

Overseas-based U.S. flying corps and over 560 fighter planes belonging to the U.S. Seventh Airforce present in

South Korea and the puppet airforce were flown in the war game in the skies above Oeyon Islet and Sangdong, South Korea.

On the afore-said two days, the South Korean puppets seriously got on the nerves of the North by firing more than 1,000 rounds of bullets and shells through the mobilisation of 105 mm and 155 mm artillery groups, a heavy tank group and armed bandits in the western and central sectors of the front.

On the same days, the South Korean puppets kicked up a dust, bringing a large number of puppet troops armed with automatic weapons, and military vehicles fully loaded with death tools and ammunition boxes into different spots of the demilitarized zone in the central, western and eastern sectors of the front.

The U.S. imperialist bellicose elements and the Kim Yong-sam fascist clique must stop their rash acts, looking squarely at the reality.

ROK Commits 'Provocative Act'

SK1812102794 Pyongyang Korean Central Broadcasting Network in Korean 2115 GMT 17 Dec 94

[FBIS Translated Text] According to a military source, on 15-16 December the South Korean puppets committed a grave military provocative act in the DMZ, irritating us.

At around 1030 on 15 December and 1405 on 16 December, the puppets kicked up a commotion by openly bringing seven military vehicles loaded with boxes of lethal equipment, guns, and bombs, under broad daylight, into the Military Police guard posts in the DMZ south of the Military Demarcation Line [MDL] marker No. 0220 in the western frontline and the MDL marker No. 0589 in the central frontline.

At around 0910 on 16 December, the puppets mobilized and deployed approximately 20 bandits armed with automatic machine weapons and military vehicles equipped with large-caliber machine guns into the Military Police guard post in the DMZ south of the MDL marker No. 0540 in the central frontline. At around 1205 that day, approximately 60 puppet bandits armed with machine guns and automatic weapons sneaked in the DMZ south of the MDL marker No. 124* in the eastern frontline—who also sneaked in the DMZ south of the MDL marker No. 0460 in the central frontline at around 1030 on 15 December—occupied the positions and threatened the personal safety of our patrol guards, taking a position of fire at our side for a long time.

The Kim Yong-sam fascist clique should clearly see the danger of the created situations in the DMZ and should not act recklessly.

Association of Koreans in Japan Denounces ROK

SK1812085194 Pyongyang KCNA in English 0817 GMT 18 Dec 94

[FBIS Transcribed Text] Tokyo, December 16 [date as received] (KNS-KCNA)—The Human Rights Association of Koreans in Japan in a statement on December 15

sharply denounced the Kim Yong-sam clique for faking up an utterly groundless "brother and sister spy case" by stretching out their crooked hands overseas and provoking the General Association of Korean Residents in Japan and Japan-resident Koreans.

The statement demanded that the "Agency for National Security Planning", the general headquarters of anti-communist plots be disbanded unconditionally and the "National Security Law", a main obstacle to the country's reunification, be scrapped.

"We hope that the human rights organizations and lawyers of Japan and other countries of the world will lift up louder voices denouncing the Kim Yong-sam group that engages itself in suppression of the people and confrontation against fellow countrymen by fabricating "spy cases" and extend stronger support and solidarity to the Korean people in their just struggle for national reconciliation and national reunification," the statement said.

Pomminnyon Denounces Kim Yong-sam in Statement

*SK1712041694 Pyongyang KCNA in English 0401
GMT 17 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—A spokesman of the headquarters of Koreans in China under the National Alliance for the Country's Reunification (Pomminnyon) in a press statement December 13 denounced the traitor Kim Yong-sam group for faking up the "brother and sister spy case" through the "Agency for National Security Planning" [ANSP].

The traitor Kim Yong-sam group arrested such patriotic young people as Kim Sam-sok and Kim Un-chu, brother and sister, labelling them as "spies" by invoking the notorious "National Security Law" that defines the northern half of Korea as an "anti-state organization" and people in the North as "enemies", the spokesman said, and stressed: This is no more than the last-ditch effort of the traitors against reunification. The spokesman sternly denounced the puppet "ANSP" of Kim Yong-sam as the general headquarters of treacherous crimes.

The spokesman noted that if the traitor Kim Yong-sam group stakes its fate on such murderous institutional devices as the "ANSP" and the "NSL", its fate will never be different from the miserable lot of the preceding dictators.

ROK Dissidents Demand Abolition of NSL

*SK1812081494 Pyongyang KCNA in English 0803
GMT 18 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 18 (KCNA)—One hundred dissidents in Pusan, South Korea, including scholars and religionists made public

"a declaration of one hundred people for the abolition of the National Security Law [NSL]," a South Korean paper reported.

Noting that the "NSL" blocking the reunification still remains in force and the number of prisoners is increasing under this evil law, they urged the authorities to promptly scrap it which prohibits the freedom of thought and expression and release the prisoners.

Meanwhile, Son Pyong-ho, former chairman of the Pusan-South Kyongsang Provincial Federation of General Student Councils, Cho Kil-pyo, former chairman of the Han Chin Heavy Industries Trade Union, and 26 other prisoners of conscience started a hunger sit-in strike for an indefinite period demanding the abolition of the "NSL".

CPRF Denounces Suppression of Hanchongnyon

*SK1712041994 Pyongyang KCNA in English 0413
GMT 17 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 17 (KCNA)—The Kim Yong-sam group must promptly stop its suppression of the South Korean Federation of General Student Councils (Hanchongnyon) and unconditionally and immediately release Kim Hyon-chun and other patriotic students who have been arrested illegally.

The Secretariat of the Committee for the Peaceful Reunification of the Fatherland (CPRF) demands this in information No. 668 released Friday [16 December] in denunciation of the Kim Yong-sam group which is intensifying its suppression of Hanchongnyon and the patriotic students.

The information says:

The South Korean puppets took into custody Kim Hyon-chun, a student of Pusan National University and chairman of Hanchongnyon, and three others of the university who had been on the "want" list for several months, on the charge of the violation of "the National Security Law."

The Kim Yong-sam fascist clique also walked off all of the one hundred students of Hanyang University who gathered in front of the Seoul Metropolitan Police Agency to protest the arrest of Kim Hyon-chun, and made investigations.

The Kim Yong-sam group's arrest of leading members of Hanchongnyon which is standing in the van of the struggle for independence, democracy and reunification as a legal organization of South Korea's one million students is the last-ditch effort to hamstring Hanchongnyon by removing them and save the serious crisis of its rule, finding itself isolated at home and abroad.

No matter how desperately the Kim Yong-sam group may intensify the fascist suppression of Hanchongnyon and its leading members, it can neither check their

righteous struggle for independence, democracy and reunification nor stifle Hanchongnyon.

Paper Criticizes Kim Yong-sam's Remarks

*SK1712103594 Pyongyang KCNA in English 1026
GMT 17 Dec 94*

["Ridiculous 'Cooperation' Ballad of Anti-Reunification Element"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 17 (KCNA)—NODONG SINMUN today comes out with an article lashing out at a new political trick played by the Kim Yong-sam group of South Korea these days with outcries for "reconciliation" and "cooperation".

The author of the article says:

Kim Yong-sam, who had all along pursued the policy of antagonism and confrontation, trampling underfoot valuable agreements adopted with much difficulty between the North and the South, is abruptly making a gesture of "reconciliation" and "cooperation". This is really disgusting and no one would respond to his belated smile.

If the Kim Yong-sam group is willing to promote reconciliation and cooperation between the North and the South, it must first of all stop its flunkeyist and treacherous acts of befriending outside forces and regarding fellow countrymen as the enemy.

The Kim Yong-sam group had driven the North-South relations to the worst phase, crying for economic "sanctions" and "military countermove" under the "international cooperation system" against the North. Even after the DPK-U.S. talks ended with the adoption and publication of an agreed framework, the Kim Yong-sam group has persistently entreated other nations to "establish a cooperation system" and "exercise influences" on the North over its "nuclear issue."

If reconciliation and cooperation are really to be promoted between the North and the South, the South Korean authorities must also renounce the anti-communist confrontational policy and stop the war rackets against the North and discontinue the fascist suppression of patriotic democratic forces of South Korea aspiring after national unity and reunification.

It is an idle talk to call for "reconciliation" and "cooperation", leaving as it is the "National Security Law" defining the North as the "enemy" and criminalizing contact and dialogue with it.

The Kim Yong-sam group must not trumpet about "reconciliation" and "cooperation" which cannot work with anyone, but step down from power at once as demanded by the people.

Groups To Save ROK 'Political Prisoner'

*SK1812082194 Pyongyang KCNA in English 0811
GMT 18 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 18 (KCNA)—A meeting was held in Tokyo recently to

inaugurate a society for saving a South Korean political prisoner, Yi Hwa-chun, who was illegally arrested on September on the suspicion of involvement in a "spy case" groundlessly faked up by the "Agency for National Security Planning" (ANSP).

Addressing the meeting, Hideo Den, member of the House of Councillors from the liberal group for the protection of Constitution under the new party, said that the suppressive rule was being tightened in South Korea as could be seen in the Yi Hwa-chun's "spy case." He noted that the Kim Yong-sam "regime" is little different from the preceding military "regimes".

The resolution adopted at the meeting pointed out that the background of the "spy case of brother Kim Sam-sok and sister Kim Un-chu" forged under the Kim Yong-sam "regime" was roundly exposed by the declaration of conscience of Paek Hung-yong who was a secret agent of the "ANSP", stating that the "spy case" of Yi Hwa-chun was also fabricated by the "ANSP".

Declaring that the outrages of the Kim Yong-sam "regime" in suppressing people, abusing even the affection between flesh and blood for the prolongation of "power" can never be pardoned, the resolution called for the abrogation of the "National Security Law" and efforts for an early release of Yi Hwa-chun.

Women's Group Urges Return of Prisoners

*SK1712042994 Pyongyang KCNA in English 0404
GMT 17 Dec 94*

[FBIS Transcribed Text] Tokyo, December 14 (KNS-KCNA) [dateline as received]—So Cha-yon, chairwoman of the Central Standing Committee of the Democratic Union of Korean Women in Japan, released a statement on December 13 strongly demanding that old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners who are kept in South Korea, be immediately sent back to the northern half of the country where their families and relatives are waiting for them.

She bitterly denounced the anti-national crimes of the traitorous Kim Yong-sam clique, who are weaving every conceivable plot to keep in South Korea under a fascist law the old men who suffered behind bars for 30 odd years.

She said the Kim Yong-sam puppet clique must admit that their crimes wholly contradict international law, the Geneva convention and the armistice agreement and are the worst violation of human rights and promptly send them back to their hometowns where their flesh and blood are waiting for them.

Peruvian Public Urges Release

*SK1912102894 Pyongyang KCNA in English 1005
GMT 19 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA)—A joint meeting of political parties and organisations of Peru was held in Lima under the sponsorship

of the Peruvian committee for the repatriation of unconverted long-term prisoners in South Korea to the North.

Present at the meeting were Angel Castro Lavarello, president of the National Executive Committee of the Left Revolutionary Union of Peru, who is chairman of the Peruvian committee for the repatriation of unconverted long-term prisoners in South Korea to the North; Genaro Ledesma Izquieta, chairman of the People's Front of Workers, Peasants and Students of Peru, and leaders of other Peruvian parties and organisations.

The meeting decided to intensify the struggle for the repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners, to the North.

A joint statement adopted at the meeting said that for the unconverted long-term prisoners to return to their hometowns where their families and relatives live and to spend their closing days, is an elementary right which must be exercised without delay both in view of international law and humanitarianism.

The statement strongly demanded that the South Korean authorities send them back at once.

Japan's Constitution Reinvasion 'Camouflage'

*SK1712051094 Pyongyang KCNA in English 0432
GMT 17 Dec 94*

["Japan's 'Peace Constitution' Remains Only in Name"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 17 (KCNA)—The "peace constitution" of Japan remains only in name today and serves as a camouflage for her reinvasion scheme, declares NODONG SINMUN in an article today.

Noting that the Japanese reactionaries have systematically beefed up the aggression forces in defiance of the constitution and have dispatched the "self-defense forces" (SDF) overseas in contravention of it, the author of the article says:

Each time voices denouncing the existence of the "SDF" grew louder, the Japanese reactionaries justified it with the excuse of its "defensive mission" and "threat of the Soviet Union" and, after the cold war came to an end and the Soviet Union collapsed, they came out with the pretext of "threat of North Korea" and "instability of the regional situation."

Though the overseas dispatch of the "SDF" contradicted the constitution, they attempted to send it overseas at the time of the Persian Gulf crisis in 1990 and paved the way for its first dispatch overseas after World War II in 1992 by adopting the "bill on cooperation in the United Nations peace-keeping operation."

The "SDF" Armed Forces, going beyond the limit of the constitution, have gone over to an attack system from

the "defensive system", and are strengthening the war posture to suit it and they virtually struck out the provision of constitution denying the "right of belligerency" and "right of collective defense".

The article goes on:

However loudly the Japanese authorities may advertise Japan as a "peace-loving state," displaying the "peace constitution," no one would believe it.

Japan has become a hotbed of aggression and war.

The Japanese reactionaries ought to know that they will only meet their destruction, if they venture reinvasion in violation of the constitution.

Koreans in Japan Denounce 'Spy Case'

*SK1712105594 Pyongyang KCNA in English 1033
GMT 17 Dec 94*

[FBIS Transcribed Text] Tokyo, December 15 [date as received] (KNS-KCNA)—The Association of Koreans in Japan for Peaceful Reunification released a statement on December 14 denouncing the heinous criminal acts of the South Korean puppet clique in faking up "the brother and sister spy case" and imposing prison terms on Kim Sam-sok and his younger sister Kim Un-chu on the charge of the violation of "the National Security Law" by linking them to the case.

The statement demanded that the Kim Yong-sam group give up the foolish attempt to save themselves from the crisis by fabricating a shocking case, apologize to the nation and immediately release Kim Sam-sok, Kim Un-chu and all others arrested on the unreasonable charge of involvement in the "spy case."

If they persistently resort to anti-national, anti-reunification intelligence plots and anti-communist moves, they will meet their destruction, denounced by all the fellow countrymen, the statement said.

UN Delegate: Japan Must 'Sincerely Atone'

*SK1912045294 Pyongyang KCNA in English 0443
GMT 19 Dec 94*

["Japan Must Atone for Her Past Crimes in Deeds"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA)—The delegate of the Democratic People's Republic of Korea, speaking at the third committee of the 49th U.N. General Assembly on December 6, declared that Japan must sincerely atone for her past crimes in deeds, not in a few words of apology.

He expressed deep concern at the arrogance of the Japanese Government in refusing to solve bona fide the problem of the most cruel and anti-ethical sexual enslavement against the women of Korea and other Asian countries, and said:

The Japanese Government is trying to flee from the daily growing nation- and world-wide curses and concern as regards the "comfort women for the army" issue.

The refusal to make a sincere apology for the crimes as well as a thorough investigation into them and punish those involved in the crimes and make adequate compensation to the victims is, in fact, an intention to repeat such heinous crimes any time in the future.

The government that refuses to admit the crimes committed by one of its predecessors and to atone for them is as good as the latter.

Such a government must be bitterly condemned and punished by the international community till it makes a clean sheet of the past crimes and expresses its willingness to refrain from such crimes, he said, and demanded again that the Japanese Government take a sincere attitude for atoning for the past crimes.

More on 'Past Crimes'

SK1912044794 *Pyongyang KCNA in English* 0439
GMT 19 Dec 94

["Japan Must Properly Atone for Her Past Crimes"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA)—If Japan wants to take her position and play a role commensurate with it in the international community, she must honestly atone for her past properly above all. 1995 when falls the lapse of 50 years since her defeat in the Second World War affords a good chance for Japan to show her sincerity and conscience before the international community. [sentence as received]

NODONG SINMUN Sunday [18 December] declares this in the last installment of the articles exposing the criminal acts of the Japanese imperialists.

Under the fixed title "We Expose Criminal Acts of the Japanese Imperialists" the paper carried articles from November 8 laying bare the crimes committed by the Japanese imperialists for 40 odd years of their brutal colonial rule over Korea.

The crimes are barbarous massacre, forcible draft of young and middle-aged people and women and maltreatment of them and manoeuvrings to obliterate the Korean nation, unrestricted plunder of material resources, etc.

The author of the article says Japan's atonement for the past is by no means an issue that the Japanese Government may deal with as it wants, but one that must be resolved in compliance with the demand of international law and the victims.

This notwithstanding, Japan is refusing to break with the crimes-woven past and trying to gloss over the issue. This tells that she does not abandon a dangerous intrigue to repeat the history of the past crimes and aggression, the paper says.

Noting that in her insincere attitude as regards the post-war settlement Japan stands out in sharp contrast to Germany, the paper queries how can Japan say that she is qualified to get a permanent seat in the U.N. Security Council, a country that neglects the responsibility for the past aggression and criminal acts.

The paper stresses:

If Japan wants to properly atone for her past, she must first make an all-round investigation into her past criminal acts and make public them. Along with this, the Japanese Government make a direct apology to the victims and adequate compensation in a material way.

For the Japanese Government to honestly reflect on and atone for its crime-filled past will show its will to start with a clean sheet—not to repeat mistakes of history but sincerely set to friendship and peace together with the Asian people. Only then may Japan win the deep trust of the Korean people and other Asian peoples and, furthermore, the world people.

More on 'Comfort Women' Issue

SK1812084894 *Pyongyang KCNA in English* 0814
GMT 18 Dec 94

[All names as received]

[FBIS Transcribed Text] Tokyo, December 16 [date as received] (KNS-KCNA)—Representatives of the United Nations non-governmental organization and the International Commission of Jurists composed of lawyers of different countries on December 9 called at the Japanese Foreign Ministry and protested against its false statement that it had not received the final report of the International Commission of Jurists ruling that the former "comfort women for the army" have the claims to individual compensations.

Among the protesters were Snehal Paranjape, a "comfort women for the army"-desk investigator of the International Commission of Jurists, its Asia-desk investigator Diibur F. Parakb and a lawyer Etsuro Totsuka.

At a press conference they expressed regret, criticising the attitude of the Japanese Foreign Ministry which they said was too insincere.

Noting that it is an unjustifiable behaviour for the Japanese Government to try to settle the issue of the "comfort women for the army" with a "non-governmental fund," they urged the Japanese Government to approach the settlement of the problem with sincerity.

Ex-'Comfort Women' Speak

SK1712104794 *Pyongyang KCNA in English* 1020
GMT 17 Dec 94

["'Comfort Women for the Army' Issue Cannot Be Settled With 'Non-governmental Fund'"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 17 (KCNA)—An old woman, Chong Mun-pok, residing in Songdok-ri, Hwapyong County, Chagang Province, the northwestern part of Korea, who was forced to sexual slavery by the Japanese imperialists, denounced the unjustifiable scheme of the Japanese authorities to settle the issue of "comfort women for the army" with "non-governmental fund."

"How can they atone with a few amount of money collected from civilians for the unheard-of anti-ethical crimes in which the diabolical 'imperial army' of Japan not only trampled upon the honour and dignity of a large number of women but also destroyed their bodies on the order of the state of Japan and the top military authorities, not asking who is responsible," she asks in an article contributed to NODONG SINMUN.

She says:

"I was deprived of my parents, brothers and sisters, youth and love by the Japanese imperialists, and I am living all alone now at the age near 70, with no child. And my whole body is covered with scars. My case makes it plain that the issue is not a matter, by nature, to be settled with 'non-governmental fund' which is designed to evade the state responsibility."

Chong Mun-pok was taken to a "comfort house" of a unit of the Japanese Army in Tianjin, China, at the age of 16. Named "Yumiko," she was forced to "serve" from 8 in the morning to noon, from 2 to 6 in the afternoon and from 8 in the evening to past 12 at night every day. The "comfort women" were subjected to unbearable insult and humiliation, maltreatment and contempt, and physical pains. They attempted to escape at the risk of their lives only to be nabbed by the patrol. The Japanese imperialists cut off the breasts of a woman named "Mitsuko" and gouged out her eyeballs. They bound up a woman named "Kimiko," laid her down on the floor, put a board on her and several Japs stood on it, pressing her to death. Chong Mun-pok was taken to an isolated island of Singapore when she was 19.

There she was forced to dreadful and shocking humiliation more than ten hours every day, without being supplied with proper meals. An increasing number of women died of malnutrition or diseases. Only eight out of 30 "comfort women" survived. After the defeat of Japan, she underwent all hardships in the island for more than one year till she returned to the homeland in 1947.

In the article headlined "I curse Japanese imperialist beasts," she says:

"Grudge and wrath at the Japanese imperialists are rankling in my heart. I demand, above all, that the Japanese authorities make a wholesale investigation into the crimes in the issue of the 'comfort women for the army' and publish the results, make clear the state responsibility of Japan and make an official apology. And I demand that those responsible be punished and

compensation be made by the state of Japan, not with 'non-governmental fund,' since it is a crime committed by the state of Japan".

'Concealed' Report Claimed

SK1712053094 Pyongyang KCNA in English 0420
GMT 17 Dec 94

[“Meanness Exposed Again”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 17 (KCNA)—It was disclosed recently that the Foreign Ministry of Japan had intentionally concealed the final report of the International Commission of Jurists refuting the claim of the Japanese Government that the issue of the "comfort women for the army" had been settled, after receiving it from the commission.

Commenting on this, NODONG SINMUN today says that this is an artifice to cover up the past crimes of Japan including the issue of "comfort women for the army" and evade her responsibility for reparation and compensation at any cost.

The analyst of the paper further says:

The final report of the International Commission of Jurists points out that Japan had glossed over the problem of reparation to South Korea, the Philippines and other countries with such unequal agreements as "agreement on property claim" and "agreement on reparation" and has not paid even a penny in compensation to the victims in the Democratic People's Republic of Korea and many other Asian nations.

The Japanese reactionaries not only dodged the state compensation to the victims on the pretext of the unequal "agreements" but also concealed even the final report of the International Commission of Jurists. This reveals their utter meanness.

It is a big mistake, if the Japanese reactionaries think that they can lull public opinion at home and abroad with such trash as "plan of non-governmental fund" and "exchange plan for peace and friendship", clamouring about "inter-state settlement of postwar reparations".

Clear is that the Japanese authorities have neither intention to honestly liquidate their past crimes nor the will to break with the militaristic past.

Such moves of Japan to repeat the past errors, refusing to liquidate them, will only invite distrust and vigilance against Japan from the Asian nations.

Meeting for Japan-DPRK Friendship Held

SK1812082094 Pyongyang KCNA in English 0806
GMT 18 Dec 94

[FBIS Transcribed Text] Pyongyang, December 18 (KCNA)—The fifth Kyoto meeting for friendship between Japan and the Democratic People's Republic of Korea was recently held in Kyoto, Japan.

It was attended by Japanese scholars, intellectuals, lawyers, trade unionists and believers, and more than 200 Koreans including leading officials of the Kyoto prefectural office of the General Association of Korean Residents in Japan (Chongnyon).

Azuma Okuda, chairman of the Kyoto Association for Japan-DPRK academic and cultural exchange and former president of Kyoto University, delivered a speech which was followed by a lecture given by Yosuke Nakae, former Japanese ambassador to China.

The lecturer said it is necessary to look squarely at the trend of the world when the situation surrounding the Korean peninsula is being relaxed with the adoption of the DPRK-U.S. agreed framework and improve the Japan-DPRK relations and normalize their diplomatic relations as soon as possible.

The attendants expressed the resolution to make Kyoto take the lead in the efforts for the normalization of the bilateral relations between Japan and the DPRK.

SPA Chairman Greets Mozambican Counterpart

*SK1712112394 Pyongyang KCNA in English 1040
GMT 17 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 17 (KCNA)—Yang Hyong-sop, chairman of the Supreme People's Assembly [SPA] of the Democratic People's Republic of Korea, sent a message of greetings to Eduardo Joaquim Mulembwe upon his election as president of the Mozambican Assembly.

Expressing the belief that the friendly relations between the DPRK Supreme People's Assembly and the Mozambican Assembly will further expand and develop in the future in the interests of the two peoples, the message wished him success in his responsible work.

Anniversary of DPRK-Austria Ties Marked

*SK1712111994 Pyongyang KCNA in English 1036
GMT 17 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 17 (KCNA)—MINJU CHOSON today dedicates an article to the 20th anniversary of the establishment of diplomatic relations between the Democratic People's Republic of Korea and Austria.

It says:

Since the opening of the diplomatic ties the peoples of the two countries have striven to expand and develop the friendly and cooperative relations in various fields in conformity with the idea of independence, friendship and peace.

The daily strengthening relations are favourable for the efforts of the two peoples for the prosperity of the countries.

The Korean people rejoice over the achievements made by the Austrian people in the efforts for the prosperity and peace of the country.

The Korean people believe that the friendly and cooperative relations between Korea and Austria will develop more favourably in the future.

CPC Cadre Delegation at Statue of Kim Il-song

*SK1912044194 Pyongyang KCNA in English 0432
GMT 19 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA)—A cadres delegation of the Communist Party of China [CPC] headed by Kang Yi, deputy secretary of the Ningxia Hui Autonomous Regional Committee of the Communist Party of China, Sunday [18 December] called at the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and honored his memory.

The members of the delegation laid bouquets of flowers before the statue and observed a moment's silence in memory of President Kim Il-song who had performed undying feats for the accomplishment of the human cause of independence.

Overseas Groups Praise Kim Chong-il

*SK1912043994 Pyongyang KCNA in English 0431
GMT 19 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA)—Celebrations took place abroad on the lapse of three years since the dear leader Comrade Kim Chong-il was acclaimed as the supreme commander of the Korean People's Army [KPA].

A lecture meeting was held in New Delhi, India, under the sponsorship of the Asian Regional Institute of the Chuche Idea and a round-table conversation by the Indian Federation for World Cooperation and Cultural Relations.

"International Kim Il-song Prize" winner T.B. Mukherjee, president of the Asian Regional Institute of the Chuche Idea, in his lecture said:

"Today the world people are unanimous in praising the undying feats of his excellency Kim Chong-il, a great thinker and theoretician and statesman of the present time and an outstanding military strategist.

"He, with literary and military accomplishments, showed his gifts befitting a military genius who is fully versed in military affair and skillfully solves any difficult problems arising in strengthening defence capabilities and building modern Armed Forces.

"Only victory and glory will be in store for the Korean people and us the followers of the chuche idea who are advancing along the straight road of chuche with his excellency dear Kim Chong-il, an outstanding thinker

and theoretician and statesman and military genius produced by humankind, in the van."

D.P. Maheshwari, chairman of the Indian Federation for the World Cooperation and Cultural Relations, in the round-table conversation had this to say:

"With General Kim Chong-il as its supreme commander the heroic Korean People's Army greets the heyday in its development.

"The revolutionary armed forces of Korea under his outstanding guidance have creditably fulfilled its mission as the army of the leader and of the people.

"No force on earth can match the heroic Korean People's Army founded by President Kim Il-song and led by Comrade Kim Chong-il, the peerless brilliant commander."

A meeting, a lecture and a film show were held at the Unit No. 0151 of the Mongolian People's Army and the group for the study of the *chuche* idea of the African students studying in Mali.

African Group Leader Gives Gift to Kim

*SK1812085494 Pyongyang KCNA in English 0826
GMT 18 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 18 (KCNA)—Dear Comrade Kim Chong-il, the great leader of our party and people, received a gift from Leopold Pindy-Mamonsono [name as received], chairman of the Pan-African Committee of Writers and Artists for Peace and Democracy.

The gift was handed to the DPRK ambassador to the Congo on December 7.

The chairman said the gift was carrying the modest desire to follow Comrade Kim Chong-il as the sun.

People Seek Thanks From Kim Chong-il

*SK1812081394 Pyongyang KCNA in English 0800
GMT 18 Dec 94*

["Glory of Korean People Blessed With Sagacious Leader"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 18 (KCNA)—Dear Comrade Kim Chong-il, the great leader of our party and people and supreme commander of the Korean People's Army, has extended thanks to people, valuing and highly praising their laudable deeds.

The units which received his thanks over the past three years after he was acclaimed as the supreme commander of the Korean People's Army number more than 2,000 and working people, youths and children to whom he sent thanks total tens of thousands.

Among them are leading officials of provincial, city and county party committees, officials of central organs,

workers, peasants, office workers, scientists, school youths and children and people of other strata.

The Korean people are now working devotedly for the party and the revolution, for the country and the people, deeming it greatest glory and happiness to receive thanks from Comrade Kim Chong-il.

The great politics of love and trust shaped by him has produced a great many admirable human beings who devote their all to the society and collective.

Kim Chong-il Lauded as Supreme Commander

*SK1712105394 Pyongyang KCNA in English 1030
GMT 17 Dec 94*

["Ode to Great Brilliant Commander"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 17 (KCNA)—Korean poets are writing many poems about the great pride and happiness in having Comrade Kim Chong-il, respected supreme commander, at the head of the revolutionary Armed Forces.

The look of the great brilliant commander with both literary and military accomplishments is the theme of poems and songs.

Over the past three years, poets have written more than 300 poems and words of songs.

The long poem "Following the Great Brilliant Commander," the lyrics "He Is Our Supreme Commander" and "O, Our General" and many other poems represent the glory and pride of the people in having dear Comrade Kim Chong-il as the supreme commander of the revolutionary Armed Forces and their faith that they will always emerge victorious under his guidance.

There are also many poems and words of songs which give a broad and profound depiction of the immortal feats performed by him in the accomplishment of the *chuche* cause of army building.

Typical of them are the lyrics "Geneal of Mt. Paektu," "Marshal Kim Chong-il, an Iron-willed Brilliant Commander" and "This Land Has a Brilliant Commander" and words of songs "We Will Always Remain Loyal to General Kim Chong-il" and "Our Comrade Kim Chong-il."

Writers are now working on revolutionary and militant poems and words of songs making the officers and men of the People's Army resolve to defend comrade supreme commander with their lives, full of the confidence in sure victory of the socialist cause.

Leaders Inspect Friendship Exhibition Center

*SK1712043094 Pyongyang Korean Central
Broadcasting Network in Korean 2200 GMT 16 Dec 94*

[FBIS Translated Excerpt] As the end of this year in which the respected and beloved leader Comrade Kim

Il-song passed away draws near, the respect and yearning of our people and the world people for the fatherly leader, a great man of the world, grows bigger.

The cadres of party and government viewed the International Friendship Exhibition Center on 16 December, at a time when all the people's hearts are burning with feelings of deep reverence.

Numerous gifts which were sent from the leaders of the parties, the states, and the governments, figures of social organizations, and prominent figures of international organizations and some 170 countries from five continents, to the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il are exhibited at the International Friendship Exhibition Center which stands brilliantly and gallantly in harmony with the scenic beauty of Mt. Myohyang, a celebrated spot.

From the time the great leader Comrade Kim Il-song proclaimed the opening of the exhibition center on 26 August 1978, approximately 1.4 million of our people, and 15 thousand of foreigners and overseas compatriots have visited the exhibition center so far.

Those who inspected the exhibition center were Comrades Yi Chong-ok and Pak Song-chol, members of the Political Bureau of the Central Committee of the Workers' Party of Korea [WPK] and vice presidents; Kim Pyong-sik, chairman of the Korean Social Democratic Party Central Committee and vice president; Comrade Kim Yong-nam, member of the Political Bureau of the WPK Central Committee and vice premier of the Administration Council; Comrades Chon Pyong-ho and Han Song-yong, members of the Political Bureau of the WPK Central Committee and secretaries of the party Central Committee; Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Yang Hyong-sop, candidate member of the Political Bureau of the WPK Central Committee and chairman of the Supreme People's Assembly; Comrade Hong Sok-hyong, candidate member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Commission; Comrades Kim Kuk-tae, Hwang Chang-yop, Kim Chung-nin, So Kwan-hui, and Kim Yong-sun, secretaries of the WPK Central Committee; Comrades Kim Hwan, Kim Pok-sin, Kim Yun-hyok, and Chang Chol, vice premiers of the Administration Council; Comrade Chon Mun-sop, chairman of the State Inspection Commission of the Central People's Committee; Yu Mi-yong, chairman of the Chondoist Chongu Party Central Committee; directors of departments of the party Central Committee; chairmen and ministers of the Administration Council; responsible functionaries of the central organ; and secretaries of the party. [passage omitted on inspection of the exhibition center with explanations of the history of each gift]

Officials at Exhibit

*SK1712053194 Pyongyang KCNA in English 0426
GMT 17 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 17 (KCNA)—Vice-Presidents Yi Chong-ok and Pak Song-chol, members of the Political Bureau of the Central Committee of the Workers' Party of Korea, and Vice-President Kim Pyong-sik, chairman of the Central Committee of the Korean Social Democratic Party, and other senior party and government officials visited the international friendship exhibition on December 16.

On display at the international friendship exhibition situated in Mt. Myohyang, a scenic mountain of Korea, are a great number of gifts which have been sent to the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il by heads of party, state and government, political parties, public organisations and prominent figures of more than 170 countries of the five continents and international organisations.

More than 1.4 million home people and 150,000 foreigners and overseas Koreans have visited the exhibition since President Kim Il-song declared its opening on August 26, 1978.

It is a monument of the Workers' Party era which eloquently shows the high international authority of the respected leader President Kim Il-song and the dear leader Comrade Kim Chong-il and the firm solidarity of the revolutionary people of the world for the revolutionary cause of the Korean people. It is also a school of revolutionary education which instills national pride and honor into the hearts of the Korean people.

The senior party and government officials, first of all, laid a wreath before the statue of President Kim Il-song in Hyangsan-up and observed a moment's silence in his memory.

They were told that progressive people of the world presented more than 73,600 items of gifts of best wishes to President Kim Il-song, deeply respecting and trusting him as the most experienced and reputed political leader of the present era and an elder in the international communist movement.

They saw the gifts Comrade Kim Chong-il received from different countries on the occasion of his 50th birthday.

Anniversary of Kim Il-song's Work on Economics

*SK1912101894 Pyongyang KCNA in English 1001
GMT 19 Dec 94*

["Historic Work That Led to a Turn in Economic Management"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA)—NODONG SINMUN today dedicates a by-lined article to the 30th anniversary of the publication of "On Enhancing the Party Spirit, Class Spirit and Popular

Spirit of Leading Functionaries and Improving the Management of the National Economy" (December 19, 1964), a famous work of the great leader President Kim Il-song.

The article says:

The work comprehensively elaborates on the questions of principle arising in enhancing the sense of responsibility and role of the functionaries and improving economic management in conformity with the demand of a new stage of the developing revolution ranging from the matters of further tempering the party spirit of the functionaries and improving their method of work to the matters of raising the level of planning, powerfully pushing ahead with the technical revolution, improving labour administration and meticulously managing the country's economic life.

The validity and vitality of the work lies in the fact that it led to a fundamental turn in the ideological and mental traits of the functionaries and their work method and the advantages of our socialist economic system were brought into full play and signal achievements were made in socialist economic construction.

Today our functionaries, with intense loyalty to the party and the leader, are closely united around them in ideology and purpose, morality and sense of obligation and devote themselves to the revolutionary struggle and constructive work with unshakable faith under the leadership of the party.

Our economy is now displaying ever greater might day by day, firmly maintaining its independent character.

The advantages of the socialist planned economy are being fully displayed in our country and uninterrupted innovations effected in socialist economic construction.

With the party's policy of technical revolution applied strictly and the level of modernisation and scientification of the national economy rising rapidly, the might of our independent economy is growing further still and the independent and creative labor and material and cultural life of our working people are becoming merrier and more cultured.

WPK Publishing House Releases Memoirs

SK1712102594 *Pyongyang KCNA in English 1011*
GMT 17 Dec 94

[FBIS Transcribed Text] Pyongyang, December 17 (KCNA)—The Workers' Party of Korea [WPK] publishing house recently brought out the reminiscences "Among the People" Vol. 53.

It contains memoirs of eighteen subjects about the revolutionary activities of the great leader President Kim Il-song, who devoted his whole life to the prosperity of the country and the freedom and happiness of the people.

The memoirs "He Guided Us To Live as in the Days When We Took the First Shovel on Ruins" is based on a story that President Kim Il-song convened a meeting in November 1989 to guide the economic work of North Pyongan Province and told officials to live and work as in the postwar period when the people built factories with bare hands.

"For Larger Supply of Vegetables to the People," "Benevolent Care for Bringing Good Harvests of Vegetables to Kaechon Area" and other memoirs tell about the deep loving care of President Kim Il-song for building reliable bases for the supply of fresh vegetables to the people in all seasons.

The book also contains "For Increased Production of Grain," "On Tideland-turned Fields" and other memoirs telling that he published the great socialist rural theses and wisely guided officials and farmers to reap bumper crops in the country every year.

"Though 60 Years Passed," "Love Which Even Real Father Cannot Give" and other memoirs show the noble love and a strong sense of revolutionary obligation of President Kim Il-song for the revolutionary soldiers.

The book also contains memoirs showing the happiness of officials who became true revolutionaries under the love of the fatherly leader President Kim Il-song which remained invariable through generations.

Further on Memoirs

SK1712041594 *Pyongyang KCNA in English 0408*
GMT 17 Dec 94

[FBIS Transcribed Text] Pyongyang, December 17 (KCNA)—"With the Century," reminiscences of the great leader President Kim Il-song which consummates his heroic epochal life, contains stories about Koreans of various social strata and foreigners whom he took care of and guided in the days of the anti-Japanese revolutionary struggle.

Though many years passed, President Kim Il-song recollected in detail revolutionary comrades and people of various strata with deepest love for the people and a marvelous memory.

Those he recollected in the five volumes of part I—the anti-Japanese revolution—of the reminiscences total more than 1,000.

The five volumes deal with the childhood and revolutionary activities of President Kim Il-song in the period from April 1912 to March 1937.

His recollection of more than 1,000 people including foreigners in his reminiscences shows that he covered the road of revolution, finding himself always among the people, trusting and arousing them with "believing in the people as in heaven" as his lifelong motto.

Indeed, his reminiscences is a great epic lauding the people, in which he dedicates more pages to recollecting with deep affection his comrades and many other people who fought for the country than his own life and revolutionary activities and has them acclaimed by the time and the revolution.

Interview on 'Socialist Law-Abiding Work'

*SK1912083394 Pyongyang Korean Central
Broadcasting Network in Korean 2100 GMT 14 Dec 94*

[FBIS Translated Text] Our people—who are significantly greeting the 12th anniversary of the publication of the immortal classic work by the great leader of our party and our people the dear Comrade Kim Chong-il "On Intensifying the Socialist Law-Abiding Life"—look back on the proud successes they attained in a law-abiding life in the past and are firmly reconfirming their determination to further intensify a socialist law-abiding life as demanded by the socialist Constitution.

Station reporter Kim Chun-to interviewed Comrade Choe Chang-hon, director of a department of the Central People's Committee [CPC]; and Comrade Sim Chol-saeng, chief of a section of the CPC.

[Begin recording] [Kim Chun-to] The great ideological and theoretical significance of the dear comrade leader's immortal classic work "On Intensifying the Socialist Law-Abiding Life" is thoroughly displaying its vitality in our people's law-abiding life today.

[Choe Chang-hon] The dear leader Comrade Kim Chong-il's work, which he himself published 12 years ago on 15 December 1982, "On Intensifying the Socialist Law-Abiding Life" is thoroughly displaying its vitality in the life of our people who are further intensifying a socialist law-abiding life as demanded by the socialist Constitution.

In the work, the dear comrade leader put forth all the theoretical and practical problems and specific tasks in intensifying a socialist law-abiding life, such as on intensifying a socialist law-abiding life being the inevitable demand of the development of our revolution, on thoroughly establishing revolutionary law-abiding ethos in the entire society, and on intensifying the guidance of party organizations and the people's power organs for a socialist law-abiding life.

The historic work by the dear comrade leader is an encouraging banner and a great program for our people to firmly adhere to continuously solidify and develop the popular mass-centered socialism of our country by further intensifying the socialist law-abiding life as demanded by the socialist Constitution and to accelerate the complete victory of socialism and the historical task of the country's reunification.

[Kim Chun-to] Truly many successes have been attained by our people in their law-abiding life since they received this historic work by the dear comrade leader.

[Sim Chol-saeng] That is right. Among other things, the revolutionary law-abiding ethos was thoroughly established in the entire society. This enabled all the members of society to respect the state's law with high political self-awareness and to make it part of their life and habit to abide by and execute the law.

In particular, the movement to win the title of model law-abiding county was conducted vigorously, bringing forth considerable change in the people's law-abiding consciousness and ideological and spiritual ethos.

Thus, the movement to win the title of model law-abiding county was conducted vigorously in all cities and counties across the country, leading some 40 units to win the title of model law-abiding county, and many other units are vigorously conducting the movement to win the title.

[Choe Chang-hon] All the party members and working people will continue to intensify their socialist law-abiding life as demanded by the development of the revolution so they can highly display the superiority and vitality of socialism as a science and successfully carry out the historical cause to completely realize the independence of the working popular masses. [end recording]

Construction of Hungju Power Plant Reported

*SK1912082494 Pyongyang Korean Central
Broadcasting Network in Korean 2100 GMT 18 Dec 94*

[FBIS Translated Text] Builders of Hungju Power Plant, who have unanimously risen to the resolve to brilliantly fulfill the great leader's will of his lifetime, are creating a high speed in the construction project to which they are assigned. According to a report by Choe Ung, correspondent of the Central Broadcasting Station, the general staff of the construction project has established a reasonable work schedule in accordance with the winter conditions, and made thorough preparations to guarantee materials, as well as perfect economic organizational work to accelerate the construction of the power plant, under the leadership of the party organization.

With the revolutionary spirit of self-reliance and fortitude, builders of the power plant are working rigorously by setting an ambitious goal to complete the placing of piers in a few days while solving the problems on their own, and finish the remaining work, including the assembling of inner frames, as soon as possible. The builders have improved the construction speed by over 30 percent.

Not content with the achievement, they are vigorously waging a struggle to complete the construction of the power plant ahead of schedule.

Increase in Power Plant Production

*SK1912015194 Pyongyang Korean Central
Broadcasting Network in Korean 1200 GMT 17 Dec 94*

[FBIS Translated Text] Electric power producers at the power plant where Comrade Yi Pong-tok works are

waging the struggle to victoriously conclude the first year of the period of adjustment.

Members of the generator operation work team are continuously boosting production, increasing the durability of the equipment by revising the cooling-water system and by introducing advanced operational methods.

At the same time, members of the dam work team are also contributing to increasing electric power production, doing away with the wasting of water by normalizing the operation of structures.

The power plant, having fulfilled the yearly target two months ahead of schedule, is overfulfilling its daily target by 20 percent everyday.

Radio on Power Equipment Assembly Enterprise

*SK1912040594 Pyongyang Korean Central
Broadcasting Network in Korean 1200 GMT 18 Dec 94*

[FBIS Translated Text] Upholding the party's revolutionary economic strategy, the functionaries and working class of the General Enterprise for the Assembly of Equipment for Hydroelectric Power Plants are vigorously carrying out the battle to assemble the equipment on every battlefield at the construction sites of power plants, including the (Taechon) No. 5 power station, on the firm basis of self-reliance which they have wonderfully established with their own strength.

In recent years alone, the technicians and skilled workers of the enterprise have put forth many rationalization plans and proposals for technical innovations. They have manufactured several oxygen and hydrogen generators with their own strength and technology, and have utilized them in actual work, thereby helping save a considerable amount of carbide in a year.

The base of producing welding electrodes, which the enterprise has built on its own, is also bearing fruit. In addition, the enterprise has wonderfully manufactured thick-plate cutting machines, impact testing machines, heating furnaces, and drawing machines; it has also wonderfully manufactured, with its own strength and technology, copper and aluminum materials necessary for welding the generating equipment of nonferrous metal.

In addition, the enterprise possesses the base for plating, rolling, bending and shaping, and calcinating as well as the base for producing cement.

Second Stage Construction of Bridge Reported

*SK1912103094 Pyongyang KCNA in English 1010
GMT 19 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA)—Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], issued an order to officers and men of the KPA and the Korean

People's Security Forces on November 9 to build the Chongnyu Bridge (second stage) and Kumnung Tunnel No. 2 in Pyongyang to suit the modern aesthetic taste.

The Chongnyu Bridge crossing River Taedong in the central part of the capital will stretch from the Munsu fun fair to Chongnyu cliff of Moran Hill through Nungna islet.

It consists of a suspension bridge of fan-rib shape, an overpass and an arch bridge.

The first-stage project of the Chongnyu Bridge has been completed, throwing a suspension bridge more than 450 metres long across the course of the scenic River Taedong east of the Nungna islet.

Under construction in the second stage are an overpass on this islet adjoining the suspension bridge and an arch bridge crossing the western course of the river to Chongnyu cliff.

Kumnung Tunnel No. 2 linked with this bridge is being excavated through Moran Hill toward Hungbu-tong.

The tunnel will consist of two tubes of arch style separated by a concrete wall. It is the same in shape with the Kumnung Tunnel linking the Puksae residential quarters with Nungna Bridge which was completed in 1988.

Linked with Kumnung Tunnel No. 2 will be a straight road leading to Yonmot-tong, passing before the stadium of Kim Il-song University in Yongnam-tong, Taesong district.

This road will have an underpass in the Kum Song street.

The Chongnyu Bridge (second stage), Kumnung Tunnel No. 2 and the new road will link the Munsu area of east Pyongyang with west Pyongyang to ease the strain on traffic more satisfactorily. They will also renew the looks of the capital.

The project is now progressing apace.

South Korea

U.S. Helicopter Involved in Incident in DPRK

*SK1712051494 Seoul YONHAP in English 0510 GMT
17 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 17 (YONHAP)—An OH-58 helicopter of the Eighth U.S. Army's 17th Air Brigade made an emergency landing 5 kilometers north of the Demilitarized Zone (DMZ) near Wontong, Kangwon Province, around 10:40 AM Saturday [0145 GMT 17 Saturday].

Aboard the helicopter were two crew members, neither of whom was injured, it was learned.

An officer at the ROK-U.S. Combined Forces Command said, "We understand the craft was on a routine reconnaissance flight when the mishap occurred. Circumstances leading to its emergency landing north of the DMZ are under investigation. It appears that the crew crossed the DMZ not of their own will, but due to aviatational error."

The Combined Forces Command plans to contact North Korean authorities soon in a bid to have the two crewmen repatriated.

Helicopter 'Strayed' Across DMZ

SK1712072094 Seoul YONHAP in English 0701 GMT 17 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 17 (YONHAP)—A North Korean radio claimed on Saturday that North Korea shot down an "enemy" helicopter that violated the North Korean air space Saturday morning.

The (North Korean) central radio said in an "urgent report" at 1:05 PM that a People's Army anti-air battery shot down an "enemy helicopter that illegally intruded" into the Ipo-ri area of Kumgang-kun, Kangwon Province across the Military Demarcation Line in the eastern frontline sector around 10:45 AM.

The report said relevant North Korean authorities were questioning the pilots of the downed helicopter to determine the background leading to the "violation" of the air space.

Meanwhile, an officer at the Korea-U.S. Combined Forces Command in Seoul said a U.S. military helicopter strayed into the North Korean area across the Demilitarized Zone [DMZ] due apparently to a navigational error.

He said the helicopter made an emergency landing and the two crewmen are believed to have escaped injury.

'Accident' Due to Crewmen 'Error'

SK1912113994 Seoul YONHAP in English 1128 GMT 19 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP)—The straying of a U.S. Army helicopter across the Demilitarized Zone [DMZ] into the North Korean area over the weekend was an inadvertent accident attributable to an error on the part of its crewmen, U.S. and South Korean military sources here said Monday.

They said the ill-fated chopper, an OH-58C, took off from their base, Camp Page, near Chunchon, Kangwon Province at 10:04 AM [0104 GMT] Saturday on a routine flight familiarization training. The crewmen were Chief Warrant Officers [CWO] Bobby Hall and David Hilemon.

The sources said OH-58 crew people routinely undergo training in getting themselves familiarized with forward

area terrain conditions as they have to fly low in missions since high-altitude flying is vulnerable to sighting or anti-aircraft fire by "enemy."

Hall and Hilemon were to fly beyond the "no fly line" but to turn around before reaching the southern boundary of the Demilitarized Zone, 4 kilometers south of the Military Demarcation Line.

The sources said that in its last contact made at 10:43 AM with the U.S. military air control center in Korea, one of the crewmen said that they would turn around, reporting they were "just south of the DMZ's southern boundary."

But, an analysis of their flight course indicated that at the time they made the contact, the helicopter was already in the air above Ipo-ri, Kumgang-kun of North Korea, 5 kilometers north of the northern boundary of the DMZ, that was, 10 kilometers north of what they thought was their location.

One factor contributory to their flight error, the sources said, was that they couldn't see large ground flight limitation markers in the forward area because they were covered with snows, making it impossible for them to realize they flew over the DMZ.

South Korean troops in the forward area are told to fire warning shots when any craft flies over their area into the North.

At that critical time, however, Korean soldiers couldn't hear the sound of the helicopter due to the noise of generators which they operated then because their power system was suspended in a work aimed at increasing voltage.

Besides, field guard posts in the area were screened with vinyl sheets to keep them from freezing winds, which was another element that blocked the soldiers from hearing the helicopter approaching.

As a result, the sources said, what the soldiers there could do was only to report to their superiors their sighting of a helicopter flying northward.

It was not immediately determined whether the helicopter was shot down by the North Koreans or kept from taking off after it made a landing.

But, the likeliness was that the helicopter was blocked from taking off by North Korean troops after it made a landing, in the course of which CWO Hilemon was killed, the sources added.

MAC Meeting Held Over Incident

SK1912004194 Seoul YONHAP in English 0035 GMT 19 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP)—The U.S. Forces Korea and North Korea held a Military Armistice Commission [MAC] Joint Duty Officers' meeting at Panmunjom lasting slightly over one hour

from 3 PM Sunday [0600 GMT 18 December] to discuss the condition of the two crewmen, including Warrant Officer Bobby Hall, of a U.S. Army helicopter that made an emergency landing North of the Demilitarized Zone Saturday morning.

The North Koreans reportedly refused to disclose details on the two airmen because "investigations are under way."

At the Joint Duty Officers' meeting, the American side was represented by Navy Lieutenant Commander Gruver and his North Korean counterpart was Lieutenant Colonel Sim Kun-chong.

The U.S. Forces earlier requested that the Military Armistice Commission secretaries meeting be held at 3 PM Sunday to discuss the emergency landing of the U.S. Army chopper. North Korea, however, turned down the request on the ground that no time was available.

In the meantime, U.S. Rep. Bill Richardson, who has been visiting Pyongyang since last Saturday, was to deliver a letter to North Korean authorities asking for the early release of the two crewmen when he crosses through Panmunjom on the way to Seoul at 10 AM Monday.

Pilot Said Killed by DPRK Fire

SK1912025494 Seoul YONHAP in English 0250 GMT 19 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP)—The United States pressed North Korea Monday [19 December] for the early release of its pilot held there after his chopper crash-landed in the Northern side of the Demilitarized Zone.

Duty officers of the Military Armistice Commission (MAC) met in the morning, with the U.S. side urging the repatriation of Chief Warrant Officer Bob Hall and the remains of David Hilemon.

North Korea is said to have withheld further information, saying an investigation was still under way.

Washington said Hall and Hilemon strayed into North Korean airspace and were "downed." North Korea claims it shot down the chopper.

The White House confirmed that Hall is injured but alive while Hilemon was killed.

Sources here said Hilemon was cut down by North Korean fire while trying to take off after the crash-landing.

White House Confirms One Dead

SK1912020694 Seoul YONHAP in English 0200 GMT 19 Dec 94

[FBIS Transcribed Text] Washington, Dec. 18 (YONHAP)—The White House confirmed Sunday [18

December] that one of the two U.S. aviators who strayed into North Korean airspace is alive and urged his prompt release.

President Bill Clinton said in a statement that Chief Warrant Officer Bobby Hall is alive and reportedly injured. The other crewman, Chief Warrant Officer David Hilemon, was killed in the downing of their helicopter, he said.

The two airmen aboard the OH-58C chopper strayed into North Korean airspace, the statement said.

"This tragic loss of life was unnecessary," said Clinton. "Our primary concern now is the welfare of Chief Warrant Officer Hall and his return along with the body of Chief Warrant Officer Hilemon."

North Korea is providing information to the United States through American Congressman Bill Richardson, who happened to be in Pyongyang when the incident occurred. Clinton said Richardson "will remain in constant contact with North Korean officials on our behalf."

Pyongyang initially said it "shot down" the chopper while the White House used the more neutral "downing," apparently because the circumstances of the incident are still unclear and because one of the pilots is in North Korean hands.

Observers doubt the mishap will escalate tension along the Korean truce zone but say it will certainly complicate U.S.-North Korea relations that had been thawing since the Oct. 21 nuclear agreement.

Secretary of State Warren Christopher is in contact with officials at the North Korean mission to the United Nations to press for the early return of Hall and Hilemon's body and is keeping open the telephone line with Richardson, officials said.

The State Department has contacted China and asked for its cooperation in handling the situation, the officials said.

Most North Korean officials at the UN mission came to the office over the weekend for talks with the U.S. side, but they refused any comment on the pilot's return or on the details of the incident.

DPRK Rejects U.S. Contact Request

SK1912114794 Seoul YONHAP in English 1142 GMT 19 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP)—The U.S. Forces in Korea tried Monday to have a contact with the North Korean military at Panmunjom to discuss the emergency landing by a U.S. Army [helicopter] in the North Korean area last Saturday, but in vain due to the North's rejection, the U.S. military said.

North Korea did not give a reason for their rejection of a contact.

The U.S. Forces is expected to make a renewed call shortly for a contact with the North to discuss the return of a surviving crewman of the helicopter and the remains of another.

It was learned that the incident was due to an error on the part of the helicopter crewmen who misunderstood they were 10 kilometers south of where they actually were at the time of the incident.

President Kim Pledges Assistance

SK1912112894 Seoul YONHAP in English 1119 GMT 19 Dec 94

[FBIS Transcribed Text] Tongduchon, Dec. 19 (YONHAP)—President Kim Yong-sam said Monday South Korea and the United States would jointly take all available steps to obtain the surviving and dead pilots of a U.S. Army helicopter that made an emergency landing north of the truce line last Saturday morning.

The president made the remarks during a brief ceremony at the U.S. Army Second Division Headquarters, in which he presented a presidential citation to the American unit.

"I am heartbroken at the incident involving a U.S. military helicopter," Kim said. "I am sure we will be able to obtain the return of the pilots of the chopper through concerted efforts by South Korea and the United States." The president said the incident showed how difficult it is to safeguard freedom and peace.

Prior to his visit to the Second Division, President Kim called at a South Korean Army unit in the central frontline area to encourage officers and men there.

U.S. Congressman Meets Kim Yong-nam

SK1812093794 Seoul YONHAP in English 0930 GMT 18 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 18 (YONHAP)—U.S. Congressman Bill Richardson, currently in Pyongyang, is negotiating return of American pilots who crashed landed Saturday in North Korean territory, U.S. Embassy officials here said Sunday.

Richardson asked to see the two pilots through his talks with North Korean leaders and requested information on the incident and their speedy return, the officials said.

Other officials in Seoul said the solon may have to delay his Seoul arrival, originally scheduled for Monday after he crosses the truce village of Panmunjom.

A Foreign Ministry source noted the U.S. State Department comments earlier that this incident could gravely affect the U.S.-North Korea relations, adding that Richardson is most likely to engage in serious negotiations with North Korean leaders Sunday evening.

"It isn't known yet what the North Korean reaction was so far," said the ministry source, "The evening negotiations could be a critical one which may change Richardson's itinerary."

Meanwhile, the North Korean CENTRAL NEWS AGENCY reported that the congressman met with Foreign Minister Kim Yong-nam and parliamentary Chief Yang Hyong-sop.

Christopher, Han Discuss Issue

SK1912020994 Seoul YONHAP in English 0203 GMT 19 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP)—U.S. Secretary of State Warren Christopher phoned Foreign Minister Han Sung-chu Sunday [18 December] morning to explain the emergency landing of an American Army helicopter in North Korea Saturday morning, Foreign Ministry Spokesman Chang Ki-ho said Monday.

Christopher told Han that one crewman from the ill-fated aircraft was dead and the other survived, quoting information obtained from Congressman Bill Richardson in Pyongyang.

At the request of President Bill Clinton, Richardson and State Department official Rechard Christensen [spelling of name as received], who is accompanying the Congressman, are negotiating in Pyongyang for the early return of the surviving crewman and the dead man's body.

Chang said he was not sure whether the Congressman would come to Seoul via Panmunjom on Monday, as scheduled, or if would stay in Pyongyang to continue the negotiations.

Papers Review Helicopter Incident

SK1912081294

[FBIS Editorial Report] The following is a compilation of editorials and articles published in ROK vernacular evening newspapers on 19 December on the emergency landing of a U.S. Army helicopter in the North Korea.

The moderate CHUNGANG ILBO carries on page 3 a 700-word editorial entitled "Do Not Stall for Time Over the Helicopter Issue." The editorial stresses: "The way to settle this matter will be a touchstone [sigumsok] of the future of U.S.-North Korean relations, which have just started to improve. As the first incident since Kim Il-song's death, this matter will also provide an opportunity to speculate on the characteristic of North Korea's new leadership."

Noting that "North Korea's prompt report on the downing of the helicopter shows that it has already started to use this accident for political purposes," the editorial urges the United States to "prevent North Korea from using this incident as a political bargaining tool."

CHUNGANG ILBO also carries on page 4 a 1,200-word article by Yom Yong-chin on the prospect of the resolution of the helicopter issue. The article reports that "North Korea should not be unilaterally blamed for shooting down the helicopter" because "the U.S. Army is primarily responsible for the helicopter's straying into North Korean airspace, even though it was done by mistake." The article continues: "Nevertheless, the United States is putting considerable pressure on North Korea in an effort to prevent it from using this accident, caused by the pilot's mistake, for political purposes." Pointing out the possibility of North Korea's using this issue for political purposes on a long-term basis, the article notes that "it will take a long time to solve the problems, such as repatriation of the pilot." The article also touches on the opposite view, reporting: "It is the general view that North Korea will soon repatriate the pilot because it is concerned about the possibility that this incident will badly influence its improving relations with the United States."

The independent moderate MUNHWA ILBO carries on page 2 an 800-word editorial entitled "The Uproar Over the Emergency Landing of the U.S. Army Helicopter." Noting this accident "has created new tensions between North Korea and the United States," the editorial expresses the hope it "will not obstruct the long awaited moves toward improvement of North Korea-U.S. relations" and urges the North Korean and U.S. authorities to "make strong efforts to rapidly and smoothly settle the matter through all available negotiation channels." The editorial expresses concerns about the "delicate uproar that may result in North Korean-U.S. relations by North Korea's moves to use this accident politically in negotiations with the United States," as well as concerns about North Korea's rejection of a chief secretaries' meeting of the Military Armistice Commission proposed by the UN Forces Command Korea. The editorial particularly notes: "It is possible North Korea will carry out a propaganda offensive of demanding the withdrawal of U.S. forces from the ROK and the replacement of the armistice agreement with a peace treaty, using the U.S. helicopter incident as a ruse." The editorial concludes by urging North Korea to "immediately accede to negotiations on the repatriation of the pilot, so that the moves toward detente between North Korea and the United States will not be broken."

MUNHWA ILBO also carries on page 2 a 600-word article by reporter Han Chong-ho on North Korea's diplomatic use of this issue. The article reports "North Korea is likely to actively use this incident to change its image in the United States," and "particularly in reversing the opposition to the North Korean-U.S. agreement that has rapidly increased in the United States since the recent off-year elections." Noting "North Korea's prompt reaction to the incident was very unusual," the article reports: "After concluding security and economic issues using 'nuclear diplomacy,' North Korea is now practicing 'helicopter diplomacy' to remove 'emotional obstacles' to the improvement of

North Korea-U.S. relations by showing a sincere attitude toward the matter in which the U.S. Government is greatly interested."

North-U.S. 'Military Conflicts' Since 1953 Noted
SK1912054894 Seoul YONHAP in English 0537 GMT 19 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP)—Last Saturday's [17 December] emergency landing in North Korea of a U.S. Army helicopter will likely go down as "an unfortunate incident" in Pyongyang-Washington relations that have been sailing smoothly since the two sides reached the Geneva nuclear agreement in October.

Should North Korea return the surviving crewman and the other's body, recognizing the incident as a mere mishap, Pyongyang-Washington relations won't be affected much. If the North attempts to use the incident as "a card" as it has done in the past, however, the emergency landing may have considerable repercussions.

Ten "military conflicts," both big and small, have taken place between North Korea and the United States since the end of the Korean War in 1953. Some even raised the risk of another war on the Korean peninsula, only to be resolved diplomatically.

The most serious was the seizure of an American intelligence ship, the *Pueblo*, off Wonsan, North Korea, on Jan. 23, 1968. Charging the vessel with "intruding into" their territorial waters, the North Koreans seized the *Pueblo*, killing one crew member and detaining the other 82.

Following many rounds of prickly negotiations, the surviving crewmen were released on Dec. 23, 11 months after their seizure. But the naval vessel was never returned.

The next serious incident to heighten tension on the peninsula was the hatchet slaying by North Korean guards that occurred at the truce village of Panmunjom on Aug. 18, 1976. Two American officers who were supervising the trimming of poplar branches near a guard post in the Panmunjom Joint Security Area were hacked to death by hatchet-wielding North Korean soldiers. Defining it as "manslaughter," the United States reacted strongly. Though the incident was settled when North Korea made a formal apology, it rekindled the risk of war on the Korean peninsula after the *Pueblo* seizure.

Another incident that strained North Korea-U.S. relations was the shooting down of an American EC-121 reconnaissance plane over the East Sea on April 15, 1969.

Seven other incidents involving American aircraft happened, but all were resolved without giving rise to serious repercussions.

The emergency landing of the U.S. Army helicopter will probably be resolved in a manner that prevents political and diplomatic troubles, but the world has to wait and see.

Chronology of North Korea-U.S. Military Conflicts:

June 15, 1959—P-4 reconnaissance plane is attacked over the East Sea and the pilot returns

May 17, 1963 —H-23 helicopter is attacked, two crew members return home safely

Apr. 28, 1965—RB-47 reconnaissance plane is attacked over the East Sea, the pilot returns

Jan. 23, 1968—intelligence ship the Pueblo is seized off Wonsan, one crew member dies and 82

others are released on Dec. 23, 1968 after 11 months of detention

Apr. 15, 1969—EC-121 reconnaissance plane is shot down over the East Sea

Aug. 17, 1969—OH-23 helicopter is attacked south of the Demilitarized Zone, crew members return

May 9, 1974 —OH-58 and AGIG helicopters are attacked near the Imjin River, no casualties

Aug. 18, 1976—hatchet slaughter takes place at Panmunjom, with two American officers killed

July 4, 1977 —CH-47 helicopter is attacked in North Korean airspace, with three crew members killed, one survivor returns two days later

Aug. 26, 1981—SR-71 reconnaissance plane is hit by North Korean missile over open waters in East Sea

July 17, 1994—OH-58 helicopter makes emergency landing North of the Demilitarized Zone near Wontong, Kangwon Province, with one pilot killed and another detained

KEDO Decides To Hold First Meeting in Feb

SK1712005994 Seoul YONHAP in English 0033 GMT 17 Dec 94

[FBIS Transcribed Text] San Francisco, Dec. 16 (YONHAP)—South Korea, Japan and the United States agreed Friday [16 December] to hold the first meeting of the Korea Energy Development Organization (KEDO) in February and to open its headquarters in New York.

The three countries also decided that they, as founding members of KEDO, will assume leading roles with South Korea being the central provider of financing and constructing its standard reactor in North Korea.

In a joint statement issued after consultations here, Japan affirmed it will participate in KEDO and shoulder an appropriate share of the project finances.

Officials from Seoul, Tokyo and Washington had a second set of negotiations on forming and operating KEDO, the body in charge of building new advanced reactors in North Korea in exchange for a halt to its suspicious nuclear program.

The United States confirmed its participation in the organization, reminding that it has already taken steps to supply heavy oil to North Korea and is preparing for the safe disposition of the North's spent fuel rods.

The officials concurred that KEDO needs as many countries as possible to join. They will be tapping likely candidates before the first KEDO meeting in February.

But unlike Seoul's initial expectations, the pact on KEDO's establishment does not specify the reactors will be the South Korean model.

Sources said the officials agreed the reactor specification will be set out in the contract between KEDO and North Korea.

They agreed in general that the United States will be appointed as secretary-general of KEDO and South Korea as deputy secretary-general, but this point was not finalized, the sources said.

"The agreement to launch KEDO in February and to base it in New York is a concrete accomplishment of the meeting," Choe Tong-chin, South Korean chief delegate, said after issuing the joint statement.

On the sharing of project costs, Choe said the issue was not discussed at this set of meetings but will be addressed after KEDO starts operations.

Meanwhile, the three countries held a separate experts' meeting to deliberate the wording of the pact on KEDO's formation.

Kim Chong-il Said in Need of Kidney Transplant

SK1812020194 Seoul CHOSON ILBO in Korean 18 Dec 94 p 1

[By reporter Hong Sok-chun]

[FBIS Translated Text] It was learned on 17 December that Kim Chong-il of North Korea is suffering from chronic nephrotic syndrome, and that the dysfunction of his liver and heart caused by nephrotic syndrome makes it virtually impossible for him to carry out normal activities. It was also learned that Kim Chong-il has no alternative but to undergo a kidney transplant, but that he is hesitating to do so because of his diabetes and the dysfunction of his liver.

Kim Chong-il's succession to power following Kim Il-song's death has reportedly been delayed due to this health problems; all political activities carried out in Kim Chong-il's name have actually been carried out by Kim Yong-sun, a Workers' Party secretary in charge of South Korean affairs, and other officials.

Chronic nephrotic syndrome is a disease that develops when a patient cannot filter toxic materials from his blood; in the worse case, the patient develops aphasia. On 17 December, pertinent ROK Government officials said an Asian and a European country had recently

informed the ROK Government of this in secret. Therefore, the pertinent government officials stated, the government is mapping out countermeasures for a post-Kim Chong-il North Korean system, and for the time being plans to pursue North-South coexistence and a moderate policy toward North Korea so as not to incite North Korea.

It was also reported that North Korea sent documents regarding Kim Chong-il's health to a French hospital when O Chin-u, minister of People's Armed Forces, was admitted to the hospital for lung cancer last October. The pertinent officials said that as soon as Kim Chong-il's condition improves, North Korea will invite French doctors to Pyongyang to perform surgery.

Small, Medium Firms Plan To Visit DPRK

SK1912005994 Seoul TONG-A ILBO in Korean 17 Dec 94 p 10

[FBIS Translated Text] Following the Ssangyong Group and in addition to Samsung, Hyundai, and Lucky-Gold Star, small and medium firms that have received authorization from the government to proceed to North Korea—including the Yongsin Trading Company (President Chong Chin-yon), which manufactures shoes, and the Taedong Chemical Company (President Cho U-sik)—are expected to visit North Korea toward the end of this year.

An official of the Yongsin Trading Company said on 16 December: "President Chong Chin-yon and a technology expert have received permission from the National Unification Board, and will visit North Korea this year to provide technology guidelines to workers of a North Korean shoe factory on the outskirts of Pyongyang."

The official added: "Upon the North's request, we plan to send leather outsoles for shoes to North Korea prior to our visit."

Reportedly, the Yongsin Trading Company has already concluded negotiations with North Korea on detailed matters, including the selection of a local plant for processing-on-commission, and will visit North Korea to give processing-on-commission technology to workers there.

Business Teams Limited to One Region in DPRK

SK1812110894 Seoul CHUNGANG ILBO in Korean 18 Dec 94 p 1

[By correspondent Mun Il-hyon from Beijing]

[FBIS Translated Text] It was learned on 17 December that North Korea plans to limit the region for new investment by ROK businesses to the Najin-Sonbong region alone, and that it will not allow businessmen to visit or pass by any region other than the Najin-Sonbong region.

Recently, in an advance contact with officials of Samsung, Hyundai, and Lucky Gold Star that are promoting a North Korea visit, North Korea repeatedly notified them by saying: "Other than the Najin-Sonbong region, it is impossible for the ROK's businesses to invest anywhere else. It will be difficult to visit any other regions except for Najin-Sonbong and Chongjin."

It was learned that in this connection, the Ssangyong Group investment investigating team that visited North Korea from 13 to 17 December wanted to visit the Najin-Sonbong region by using the regular air route linking Beijing and Pyongyang, but it did not take place due to North Korea's opposition.

An official of the investment investigating team revealed that on 13 and 17 December, when the Ssangyong team arrived and departed North Korea, a special plane was used to transport them to the Najin-Sonbong region, and the plane's landing and take off took place not in Pyongyang but at the Wolyang military airport near Chongjin.

Domestic businesses officials in Beijing revealed: "North Korea explained to us that it plans to use a special plane from Beijing to Chongjin to transport large business teams, and trains will be used for small business teams to visit the Najin-Sonbong region via (Tomen), China."

It was learned that officials concerned were informed that since existing investment businesses like Daewoo, which has been investing in Nampo for the past several years, are not regarded as new investment business teams, they will be regarded as an exception.

Firm Agrees to Infrastructural Schemes in North

SK1712123794 Seoul YONHAP in English 1212 GMT 17 Dec 94

[FBIS Transcribed Text] Beijing, Dec. 17 (YONHAP)—The Ssangyong business group of South Korea has agreed in principle with North Korea to participate in the construction of infrastructural facilities in the Najin-Sonbong Free Trade Zone, a senior Ssangyong official said here Saturday.

In a press conference upon his arrival here in Beijing from a five-day visit to North Korea, Yi Chu-pom, Ssangyong vice chairman, said his group will also cooperate with North Korea in the area of cement industry.

A 12-member Ssangyong delegation led by Yi visited North Korea on Dec. 13-17. They were the first South Korean businessmen to visit the North since the Seoul government recently allowed businessmen's visits to the North.

"North Korea asked our group to positively take part in the infrastructural facilities in the special trade zone," he said.

According to Yi, the North stressed that for the development of the Najin-Sonbong area, there should first be infrastructural facilities such as offices, communications and accommodation for the South Korean and other foreign industries that are to advance to the area.

"We made an on-the-spot inspection of the area and arrived at the conclusion that it is fully worth investing," he said.

On the cement project, Yi said Ssangyong would furnish technical guidance so as to improve the quality of North Korean cement.

"We have tentatively agreed that after the lapse of a specific time, we will introduce finished North Korean cement into the South and export it to third countries jointly with North Korea," he said.

During their five-day stay in Korea, the Ssangyong officials conferred with Im Tae-tok, vice chairman of the North Korean External Economic Cooperation Promotion Commission, and experts in the construction and cement areas.

Yi also said North Korea seems accepting President Kim Yong-sam's proposal for economic cooperation with North Korea as an encouraging sign.

"I, therefore, expect North Korea will allow in South Korean businessmen in succession in the future," Yi said.

As to the report that North Korea plans to restrict South Korean investment in the North to the Najin-Sonbong area only, Yi said, "since North Korea has its own situation and now that the Najin-Sonbong area has been designated as a free trade zone, we felt North Korea must have no choice but to do so."

Ssangyong Team in PRC After DPRK Visit

SK1712091594 Seoul CHUNGANG ILBO in Korean 17 Dec 94 p 2

[By correspondent Mun Il-hyon from Beijing]

[FBIS Translated Text] Since the government allowed businesses to resume economic cooperation with North Korea, the Ssangyong group investment investigating team, that went to North Korea on 13 December, returned to Beijing on the morning of 17 December after a four-night, five-day visit. The Ssangyong group is the first domestic company to visit North Korea.

It was learned that the 12-men investment investigating team, including Ssangyong group's Vice Chairman Yi Chu-pom, inspected the Najin-Sonbong special economic zone and Chongjin, and stayed over one night in Pyongyang before returning to Beijing.

In addition, the investment investigating team held contacts with economy-related figures including Yi Song-tae, chairman of the External Economic Committee; and Kim Chong-u, vice chairman of the External

Economic Committee. They discussed the regions, subjects, and conditions for carrying out investment projects.

During the process of discussions, the Ssangyong side presented to the North Korean authorities that it would provide technology and facilities to heighten the quality of the North Korean cement, and that it plans to bring the cement after a certain period of time to the ROK. It was also learned that the North Korean side requested that Ssangyong actively take part in the infrastructural projects in the Najin-Sonong region.

It was learned that it was agreed with North Korea to dispatch the second South Korean visiting team early next year, after examining the feasibility study and content of the discussions held with the North Korean authorities from the Ssangyong group.

Samsung Group Plans 'Massive' DPRK Investment

SK1712010994 Seoul YONHAP in English 0102 GMT 17 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 17 (YONHAP)—The Samsung Business Group is planning massive investment in North Korea to help the communist country achieve economic prosperity.

Samsung Electronics Co. Vice Chairman Kim Kwang-ho said Friday [16 December], "Samsung intends to make large-scale investments in the North so far as conditions permit beginning with the construction of a general home appliances plant turning out televisions and refrigerators... Even if no profits accrue, South Korean enterprises should positively advance into North Korea with a view to enhancing national co-prosperity."

Denying rumors that Samsung will gradually quit the household electric appliance sector in favor of industrial electronic products centered on semiconductors, Kim said that instead home appliances would be reinforced.

"The household electric appliances field, though it suffers from small profit margins and finds it difficult to expand demand, is essential for the development of electronic industries," he said. "Basic materials industries like semiconductors will eventually develop in line with household electric appliances. We will develop the home appliances field with the same weight as given to industrial electronic goods."

Rumors involving Samsung's abandonment of household appliances have circulated for some time, spurred by assertions within and outside of the Samsung Group that it is necessary to dispel concerns about its indiscriminate expansion of business areas, touched off by its entry into the passenger car industry, and that it is advantageous for Samsung to concentrate on high added-value commodities such as semiconductors and the information and communications industries.

"Taking into account price competition with household appliance makers in China and Southeast Asia, Samsung in the future will place greater weight than now on overseas production of general household electric appliances, while manufacturing domestically such high-tech products as camcorders and 4-head VCRs," Kim added.

DPRK, Taiwan Plan Joint-Venture Travel Agency
SK1712165994 Seoul CHUNGANG ILBO in Korean 17 Dec 94 p 3

[Report by correspondent Yu Kwang-chong from Taipei]

[FBIS Translated Text] It was learned on 17 December that North Korea was expected to establish a travel agency in Taipei in a joint venture with a Taiwanese travel agency with a view to promoting Taiwanese enterprises' investment.

According to an informed source concerned, with the purpose to realize this, North Korea is planning to dispatch two working-level officials of its state-run "Korea International Tourist Bureau" to Taipei next January, and to permanently station them there for the first time in history. It was learned that North Korea has already secured an office in cooperation with Chaoda Travel Agency, a Taiwanese company that specializes in arranging tours to North Korea.

In particular, it has been reported that North Korea will have the Korea International Tourist Bureau officials operate its travel agency in Taiwan and engage in promoting Taiwanese businessmen's investment.

It was also learned that in order to encourage Taiwanese businessmen's to visit, North Korea agreed with Taiwan to provide as much conveniences as possible to those Taiwanese people visiting North Korea such as issuing visas to them through this joint-venture company. In this connection, one official concerned at the Ministry of Foreign Affairs in Taiwan said: "We have no ground to raise opposition if North Korea should officially apply for permission for such officials to be permanently stationed here."

Israel Concerned Over North Missile Development

SK1712214794 Seoul TONG-A ILBO in Korean 17 Dec 94 p 2

[Article by Kim Cha-su]

[FBIS Translated Text] In the summit meeting held on 15 December, President Kim Yong-sam and Israeli Prime Minister Yitzhaq Rabin expressed their worries over the issue of North Korea's export of missiles to Iran and Syria. At an unscheduled breakfast meeting held on 16 December, they again had an in-depth discussion of this issue. The reason why the leaders of the two countries have expressed their special concern over the issue

of North Korea's export of missiles and reached an agreement to jointly cope with it is that North Korea's nuclear development and its development of missiles are posing a direct threat to the peace in the Middle East, as well as to the Korean peninsula.

In particular, Prime Minister Rabin expressed concerns, saying that North Korea has recently been developing long-range missiles of over 1,000 km with the financial support from Iran. According to the information obtained by Israel, North Korea is supplying high-level military technology to Iran and Syria.

From the mid-seventies on, North Korea has been actively engaged in developing missiles; succeeded in manufacturing on its own Scud B missiles with the range of 320 km in 1985 and has developed Scud C missiles with the range of 500 km; and test-fired Nodong No. 1 missiles with the range of 1,000 km last year. It has been learned that at the present moment, too, North Korea is continuing the development of Nodong No. 2 missiles and Taepodong Nos. 1 and 2 missiles, the missiles of both types with the range of over 1,500 km.

This notwithstanding, it has not been clear yet as to how many missiles North Korea has exported to the Middle Eastern countries and to what extent and in what way it has been cooperating with those countries to develop missiles. What has been known to the international community almost certainly is that North Korea has exported about 100 units of Scud B missiles to Iran since 1987 and exported about 60 units of Scud C missiles to that country in 1991. In this connection, a government official concerned has said: "It is clear that North Korea is exporting missiles to Iran and Syria, and is cooperating with those countries for the purpose of developing weapons. But, it is virtually impossible for us to grasp a detailed truth about that." This is because such arms transactions are conducted in strict secrecy, and Iran and Syria—importers of missiles—as well as North Korea—exporter of missiles—are strongly denying the transactions of missiles.

The government has so far exchanged information about North Korea's export of missiles with Israel and other Middle Eastern countries which are concerned about North Korea's export of missiles. It has been learned that Israel, which considers North Korea's export of missiles as a serious threat to its own national security, has a considerable level of capability to gather information about North Korea's development and export of missiles. The ROK and Israel have agreed to more closely cooperate with each other in the future to deter North Korea from exporting weapons to the Middle East.

The United States is also active in trying to deter North Korea from exporting its weapons to Middle Eastern countries. The United States has been discussing with oil-producing countries in the Middle East in order to solve the question of supplying North Korea with heavy oil, which the United States agreed to supply North Korea with as an alternative energy source in conformity

with the agreement reached between the North and the United States in Geneva. It has been reported that the United States has been persuading such oil-producing countries to supply heavy oil, explaining that North Korea's export of nuclear technology is posing a threat also to the stability of the Middle East. In return for this, the United States is said to make efforts to deter North Korea from exporting weapons to the Middle East.

The government is planning to try to prevent North Korea from developing missiles in cooperation with the international community, as well as to deter North Korea from conducting nuclear development by having it implement the North-U.S. agreement on the nuclear issue reached in Geneva. This is because world-wide joint efforts are needed to deter North Korea from developing long-range missiles from the standpoint of trying to prevent the proliferation of weapons of mass destruction.

Israeli Prime Minister Departs Seoul 17 Dec

SK1712103094 Seoul YONHAP in English 1024 GMT 17 Dec 94

[FBIS TCanscribed Text] Seoul, Dec. 17 (YONHAP)—Israeli Prime Minister Yitzaq Rabin left Seoul Saturday afternoon winding up his four-day official visit to Korea.

During his stay in Seoul, Rabin, who was the first head of the Israeli Government ever to visit South Korea, met President Kim Yong-sam to discuss ways to further develop bilateral cooperation and exchange opinions on the largst situations in Northeast Asia and the Middle East.

He also had opportunities to meet with other government and politica leaders and leading businessmen.

Seoul 'Groping for Ways' To Ease U.S. Friction

SK1912010694 Seoul THE KOREA TIMES in English 19 Dec 94 p 8

[By staff reporter Sa Tong-sok]

[FBIS Transcribed Text] The government is groping for ways to ease trade friction with the United States over the Office of U.S. Trade Representative's decision to investigate what the American meat industry claims are Korea's unfair meat import practices.

The government on Wednesday [14 December] conveyed to the United States its official position paper complaining about the impropriety of the U.S. decision to start Section 301 investigations.

Korea's position on the latest trade dispute between Seoul and Washington is clearly stated in the paper, which categorically denies most allegations that a trio of U.S. meat industry groups had made in their petition. The American petitioners are the National Pork Producers' Council, the National Cattlemen's Association and the American Meat Institute.

In the paper, the government made clear that Korea won't accept unilateral demands which will ignore Korean market reality.

The Ministry of Agriculture, Forestry and Fisheries said the U.S. meat industry has demanded improvements in Korean meat import practices that don't even exist.

"For example, the U.S. meat industry in its petition accused Korea of putting packaging restrictions on imported beef by requiring processors to repackage larger-sized parcels into smaller retail packs prior to distribution. But our government already lifted these restrictions in June," said Kwon Yong-u, director of the ministry's trade cooperation division.

Also a hot issue is Korea's shelf-life system for meat products. A couple of days ago, the U.S. Embassy in Seoul drew up a report harshly criticizing Korea's meat import practices.

The report said many of Korea's shelf-life standards are outdated and unscientific ones "borrowed" from the Japanese Food Code. "Korea's government-mandated shelf-life standards, coupled with lengthy and burdensome customs procedures, are unnecessary, ineffective and act as an impediment to trade," the report said.

The report also opened that failure to make significant revisions to the current food code will place Korea in a sheer violation of the sanitary agreement of the World Trade Organization in which all signatory countries are expected to provide equivalent regulatory treatment unless scientific justification is presented to justify a more restrictive measure.

"Korea's import measures are unusually restrictive when compared to others in East Asia and around the world. For example, import clearance through Korean customs can take as long as 32 days for food products, compared to 5 in Japan, 4 in Malaysia and 3 in Singapore," the report said.

While the U.S. has been stepping up trade pressure, the government is poised to face off U.S. offensive stubbornly, noting that U.S. demand violates established international practices in large part at the same time as they lack scientific evidence.

The Ministry of Health and Social Affairs said the U.S. is seeking to use its Section 301 investigations as a bargaining chip to pry open Korea's agricultural market.

Officials say import clearance of imported meat takes only three to seven days in Korea, not the long time the U.S. meat industry supposes. Furthermore, the government declared in its amendment bill to the Food Safety Code in September that the shelf-life time for heated frozen sausages will be set at 90 days, effective from next year.

Under the 1974 U.S. Trade Act, Washington must resolve the case through a series of negotiations with Seoul before Nov. 22 next year or can take retaliatory action against Korea.

Government officials express hope that the trade friction will be resolved through negotiations, saying that they will make every effort to persuade the just of the rationality of Korea's market-opening initiative so far.

But in case the negotiations break down, leading to unilateral trade action by the U.S., Seoul will take the case to the World Trade Organization which will come into existence from next year.

U.S. Said To Call Off Phased Troop Withdrawal

SK1712062894 Seoul CHOSON ILBO in Korean 17
Dec 94 p 1

[By Kim Chang-kyun from Washington]

[FBIS Translated Text] It was learned on 16 December that the United States has called off the phased pullout of U.S. Forces in the ROK which was adopted during the Bush Administration, and drew up a policy to "decide on the phased withdrawal of the U.S. Forces in the ROK in conformity with the security situation in the East Asian region."

The new policy will be included in a report entitled "The Third Report on the Strategic Initiative in East Asia" which Pentagon will submit to Congress at the end of January. The Republican-dominated Congress is expected to approve the new policy if nothing happens.

(Joseph Ney), assistant secretary of defense for International Security Affairs, said in an interview with JANE'S DEFENSE WEEKLY that "the Clinton Administration has decided to further station 7,000-strong troops which were slated to be pulled out from the ROK by 1995."

The assistant secretary then said "the U.S. Government also decided to maintain its 10,000-strong U.S. troops in the Asia-Pacific region as they are," and added that "such contents will be included in 'the strategic initiative on East Asia' which the Pentagon will submit to Congress next year."

He revealed: "Regardless of the result of nuclear negotiations between the United States and North Korea, the United States will not reduce the scale of U.S. troops." He said the basic reason for this is that "North Korea's conventional weapons still pose a military threat to South Korea."

U.S. Policy on Troop Withdrawal Examined

SK1812064794 Seoul CHOSON ILBO in Korean 17
Dec 94 p 5

[Article by reporter Kim Chang-kyun from Washington: "New U.S. Initiative on the Korean Peninsula"]

[FBIS Translated Text] The Clinton administration has decided to map out a new Northeast Asian strategy initiative and present it to Congress. This is meaningful in that it would dispel persistent rumors that U.S. forces

in the ROK would be reduced and would scrap the phased reduction plan which the United States has been implementing since 1990.

Even though U.S. defense officials have never mentioned the reduction of U.S. Forces in the ROK, rumors about the reduction have abounded since the United States and North Korea began improving bilateral relations.

The reason: A bill has been passed that stipulates a phased reduction of U.S. Forces in the ROK; forces have been reduced according to this bill. The reductions, however, stopped when suspicions suddenly appeared over North Korea's nuclear development. Therefore, a logical assumption is that the reductions will resume since that obstacle is gone.

Discussions on the reduction of U.S. Forces in the ROK, which began in the late 1980's, were concluded when the U.S. Congress passed the Nunn-Warner Amendment, a defense empowerment bill for FY90 jointly proposed by Sam Nunn, Democratic chairman of the Senate Armed Service Committee, and John Warner, a Republican staffer on the committee.

The East Asian strategy initiative which the Defense Department presented as a result of this bill contained a three-phase plan to withdraw U.S. Forces from the ROK.

The plan called for a reduction of 7,000 troops—5,000 ground troops and 2,000 airmen—during the first stage (from 1990-92), and a reduction of 6,000 to 7,000 troops during the second stage (from 1993-95). The plan called for a recalculation of the appropriate scale of U.S. Forces in the ROK in late 1995 to decide on the scale of the reduction during the third stage.

After the completion of the first stage, however, suspicions soared that North Korea may be pursuing nuclear development. Therefore, the Clinton administration decided to completely withhold the second-stage reduction until these suspicions were completely dispelled.

The conclusion of the U.S.-North Korea nuclear negotiations last October has given rise to discussions on whether the reduction of U.S. Forces in the ROK should be resumed.

Every time rumors circulate that the reduction may be resumed, U.S. defense officials said they "had no plan to withdraw U.S. Forces from the ROK for the time being."

The Defense Department's decision to draft a new East Asian strategy initiative, which may virtually nullify the Nunn-Warner Amendment, can be interpreted as its intention to readjust its position on this matter by replacing the current policy, which called for further reductions, with a policy that calls for maintaining current troop levels.

The decision of U.S. defense officials to replace the "phased-reduction plan" with a "reduction plan based

on circumstances" can also be interpreted as Washington's intention to resolve the next pending issue involving North Korea—the forward deployment of conventional forces—since the nuclear negotiations have come to an end.

This means the United States intends to prevent North Korea from launching a diplomatic offensive with regard to the withdrawal of U.S. Forces from the ROK and link the withdrawal of North Korean forces deployed in frontline areas to that of U.S. Forces from the ROK.

We can predict this from the fact that Assistant Secretary of State Robert Gallucci, U.S. ambassador in charge of the North Korean nuclear problem, has repeatedly mentioned the forward deployment of North Korean forces in news conferences, hearings, and other public functions.

U.S. Embassy's Visa Issuance Policy Analyzed

SK1912023794 Seoul SEOUL SINMUN in Korean 17 Dec 94 p 21

[Article by reporter Yu Min]

[FBIS Translated Text] In material released in response to a request by Senator Frank Murkowski, the U.S. State Department has cited a total of eight grounds for refusing to issue visas to ROK citizens. The major ground concerns "those who are feared to illegally stay in the United States beyond the legal term of the visa." They constitute 86.4 percent of the 185,000 applications which have been rejected from 1984 to 1993. The relevant regulation of the United States regarding this is Clause B, Article 214 of the U.S. Immigration Law.

This clause vaguely states: "Those who wish to obtain visas shall have to present their opinion to a consul that they have no intention of permanently staying in the United States." In accordance with this clause, the U.S. State Department has released a guideline to the U.S. Embassy to the effect that consuls should ask visa applicants to present "a certificate of their bankbook balance," "a copy of the receipt of payment of their income tax," and "a copy of the records of their bank account." However, there is no regulation stipulating that only when a full set of such documents are presented can applicants have their visas issued.

Accordingly, on the basis of such documents, consuls are supposed to make judgments on the applicants' financial and social status, and determine whether to issue visas. In particular, the U.S. State Department's guideline on the issuance of visas stipulates that consuls can reject applications when they suspect the applicants might illegally stay beyond the legal term of the visa or when applicants cannot present any evidence proving otherwise. Most ROK citizens whose applications for visa have been turned down have suffered bona-fide damage because of such "arbitrary" judgment by the consuls.

While questioning this policy on two occasions, Senator Murkowski has asked the U.S. State Department to provide relevant data so as to determine what the ratio is of ROK citizens illegally staying in the United States. However, the State Department has turned down such requests, saying: "It is difficult to compute such ratios, and it is beyond our jurisdiction."

The second largest grounds for rejecting applications is "lack of documents," with 13.4 percent of applications being rejected as a result of this. Some point out that such rejections are due to the United State's insufficient public relations activities or to ROK travel agencies' lack of sufficient experience. In other words, this means some applicants "suffer" because they have failed to prepare the necessary documents.

In the abovementioned material, the United States explains that when further relevant documents are supplemented, applicants can have their visas issued in general. However, it has been learned that over the past ten years, 25 percent of the applicants whose applications have been rejected for the first time because of insufficient documents have not had their visas issued at all.

It has been learned that less than 0.2 percent of total ROK applications have been rejected due to cases which the United States originally was concerned about, such as terrorists, potential criminals, those with police records, those involved in drug-related offenses, or those involved in producing or possessing forged passports. Not a single application was rejected because of terrorism.

A pertinent official at the Ministry of Foreign Affairs stated: "With the purpose of solving the question regarding the issuance of visas between the ROK and the United States, on several occasions we have asked the American Embassy to provide us with data on the status of the United States' issuance of visas. However, the United States has refused to make such data public because they are concerned such data might incur anti-U.S. sentiments in ROK citizens."

Upon hearing from authorities in Alaska (from which he comes) that "ROK businessmen and tourists are complaining because of the issuance of visas," Senator Murkowski has so far tried to reach an agreement on exempting visas between the two countries. Later on, upon receiving the U.S. State Department's data stating the ratio of visas rejection is especially high against ROK citizens, the Senator requested on two occasions—last September and October—that the State Department provide him with the relevant status from the American Embassy in the ROK for the past ten years, such as the status of the issuance of visa, the status of embassy personnel staff organization, the status of the budget executed, and the status of visa applications rejected according to each case of the abovementioned grounds, with a view to getting correct information.

Trade Deficits With U.S., Japan, EU 'Widened'

SK1812010694 Seoul THE KOREA HERALD in English 18 Dec 94 p 8

[FBIS Transcribed Text] Trade deficits with the United States, Japan and the European Union [EU] widened further in the first 11 months of the year from the same period of last year, the Korean Customs Service [KCS] said yesterday.

Overall trade balances with developing countries, however, improved in the cited period.

Exports to advanced countries increased 13 percent in the January-November period, compared with a rise of 17.8 percent in overseas shipments to developing nations.

Imports from advanced and developing countries also rose 22.9 percent and 14.8 percent, respectively, during the cited time.

Korea marked a trade shortfall of \$6.27 billion on a customs-clearance basis in the first 11 months of the year with its imports reaching \$91.73 billion against an export of \$85.46 billion, the KCS said.

Shipments to Japan amounted to \$12.26 billion in the period against imports worth \$22.88 billion for a trade deficit of \$10.62 billion.

Korea suffered a trade shortfall of \$7.76 billion with Japan during the corresponding period of last year.

Exports to the United States reached \$18.39 billion, while imports stood at \$19.33 billion for a trade shortfall of \$943 million in the January-November period.

Korea enjoyed a trade surplus of \$185 million with the United States during the same time of last year.

Shipments to the European Union rose 11.5 percent to \$9.27 billion against imports worth \$11.91 billion for a trade deficit of \$2.64 billion, according to the KCS.

Trade balances with Southeast Asian countries, the Middle East and Latin American countries improved in the cited period.

Korea posted a trade surplus of \$11.53 billion with Southeast Asian countries in the cited period, up from a trade surplus of \$8.28 billion during the same period in 1993.

The nation posted a trade surplus of \$964 million with China in the January-November period last year, but the surplus amount declined to \$563 million during the same time this year.

Korea suffered a trade deficit of \$336 million with the former Soviet Union in the January-November period last year, which widened to a shortfall of \$384 million this year.

Deficit With Japan Exceeds 10 Billion Dollars

SK1912005294 Seoul YONHAP in English 0039 GMT 19 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP)—South Korea's annual trade deficit with Japan has exceeded 10 billion U.S. dollars for the first time this year, the Korean Customs Administration [KCA] said Monday [19 December].

In the first 11 months of this year, Korean exports to Japan reached 12,264 million dollars on a customs clearance basis while imports from that country were 22,885 million dollars, producing a deficit of 10,621 million dollars.

According to the Customs Administration, the total deficit stood at 6,272 million dollars, compared to 2,208 million dollars in the same period last year.

Trade with China and other developing countries in Southeast Asia, the Middle East, Central America, Eastern Europe and the Commonwealth of Independent States (CIS) recorded a 12,262-million-dollar surplus.

In contrast, South Korea suffered a deficit of 18,535 million dollars in trade with advanced nations like the United States, Japan and the European Union (EU), according to the administration.

National Assembly Ratifies WTO Agreement

SK1612123794 Seoul YONHAP in English 1227 GMT 16 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 16 (YONHAP)—The National Assembly Friday afternoon ratified the government-proposed agreement on the World Trade Organization (WTO) and passed the special implementation law on WTO.

With the ratification, all domestic procedures for South Korea's entry into the WTO system have been completed, obliging the country to abide by the Uruguay Round (UR) agreement effective next Jan. 1.

The vote count on the ratification were 152 for and 58 against with one abstaining. All opposition Democratic Party solons voted against it.

The special implementation law was passed with a vote of 153 for and 11 against with 31 abstaining.

In floor debate prior to the vote, Rep. Ku Chang-rim of the ruling Democratic Liberal Party said the flow of the world economy today is to open up inter-country markets at the same time, stressing that the WTO system may rather "give us opportunities and hopes."

"Our country which wishes to become a leading trading country in the world cannot turn a deaf ear to the world trend," Ku said.

Rep. Kim Young-jin of the opposition Democratic Party said that if the WTO agreement were ratified, it would make it impossible for "our farmers to maintain even subsistence lives."

He deplored that farmers' debts have already been piling up and the rural economy has been made all the more difficult by the government's freezing of its rice purchasing price this year.

The special implementation law calls for negotiations to amend the WTO agreement if any outcome of future negotiations with foreign countries runs counter to the principle of the WTO agreement or the agreement brings about extensive damages to the country.

It also stipulates that inter-Korean dealings will not be inter-country dealings but intra-national ones.

In addition to the two WTO-related bills, the assembly acted on 68 bills Friday afternoon, which included an amendment to the law on public prosecutions administration.

South Korean Hired by WTO Secretariat

SK1712101694 Seoul YONHAP in English 1006 GMT 17 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 17 (YONHAP)—A South Korean economic expert has been employed for the first time by the Secretariat of the World Trade Organization (WTO), the Foreign Ministry reported Saturday.

He was identified as Ma Chae-sin, 35, a professor at Trade Department of Tanguk University in Seoul.

The ministry said that Prof. Ma has been picked up as a division-chief-level staff of the experts area of WTO's trade policy review bureau.

He was one of the 20 South Koreans who applied for jobs at the WTO Secretariat this year.

"There may be additional recruits from among the five South Koreans who successfully underwent initial interviews during the visit to Korea by the personnel director of the GATT (General Agreement on Tariffs and Trade) Secretariat last August," the ministry said.

There are 450 employees at the GATT Secretariat, but those hailing from Asian countries are no more than two, one each from Japan and Hong Kong.

Prof. Ma majored in economics at Seoul National University and obtained economics doctorate from Brown University of the United States.

Yi Stresses Need To Pursue Globalization

SK1912012794 Seoul YONHAP in English 0111 GMT 19 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP)—New Prime Minister Yi Hong-ku on Monday [19

December] stressed the need for his cabinet to channel all national powers into the effort to realize the president's globalization vision.

"Gone are the days when the government played the leading role in all national affairs and coming is an era in which the people's creativity and self-determination carry increasing importance," he said at his inauguration ceremony held in the Sejong-ro Government Office Building Monday morning.

"We should now alter the rules, systems, practices and the way of thinking we have kept so far so that we can fit into the new era of openness... The civil servant needed today should respect public opinion, have a reasonable way of thinking and be honest," he emphasized.

"We all must renew our determination to work for the maintenance and development of our national community... We the civil servants should now strive to make a government that guarantees a safe and stable life for the people and that never betrays the people's trust."

Increasing Benefits for Foreigners Considered

SK1912042694 Seoul HANGUK ILBO in Korean 17 Dec 94 p 10

[By reporter Yu Chol-ki]

[FBIS Translated Text] On 16 December, the Ministry of Trade, Industry, and Resources stated it was considering increasing the wages of foreign trainees to a reasonable level and giving them the benefit of industrial disaster insurance and medical insurance in an effort to prevent foreign industrial and technological trainees from becoming absent without leave or illegally employed.

According to the ministry's estimation, as of the end of November, 32,852 out of a total of some 84,600 foreign employees in the country are legal trainees, while as many as 51,765 are working without permission of residence.

A total of 19,329 foreign trainees entered the ROK this year through the good offices of the cooperation team for industrial and technological training for foreigners, a branch of the National Federation of Medium Industry Cooperatives Central Committee. Out of these, 19,329 are now staying at their training sites rather than leaving.

In view of the fact that the number of foreign workers who stay in the country illegally is increasing because of bad working conditions for foreign trainees—whose average monthly salary is 250,000 to 400,000 won while that of unlawful foreign workers is 500,000 to 800,000 won—the ministry has decided to remarkably improve the foreigners' training system.

The Ministry of Trade, Industry, and Resources decided first to consider an increase in foreign trainees' basic salary up to 260,000 won per month—the minimum level for domestic workers—thus placing all foreign trainees under a single basic wage system in conformity

with the domestic situation. Foreign trainees in the ROK are currently paid on a different salary basis according to their home countries.

When companies sign a new contract extending the training period, the ministry has decided to encourage them to be self-regulating in increasing the allowances for a foreign trainee, based on his or her productive ability and the wages of those who have the same job in other companies.

The Ministry of Trade, Industry, and Resources will also negotiate with the Labor Ministry and the Ministry of Health and Social Affairs on measures to include foreign trainees in the list of beneficiaries of industrial disaster insurance, and to allow them to take out medical insurance.

Experience Required for Foreign Institutes

SK1712010894 Seoul THE KOREA TIMES in English
17 Dec 94 p 3

[FBIS Transcribed Text] The Seoul Education Office yesterday decided to grant the rights of foreigners to open private learning institute only to those having at least 10 years of experience of operating educational institutions.

Foreigners will not be able to open more than one language school in each province next year, and their share of the investment in an institute will be limited to less than 50 percent, the office said.

Prior to giving a green light to the establishment of a foreign language institute, the Education Office will require applicants to submit a report detailing their "plan to contribute to foreign language education in Korea."

To get a business permit, they will also have to clarify their institute operation program, and their methods to recruit lecturers and secure funds for three years.

Under a tentative government guideline for the opening of the domestic educational service market, foreigners are expected to be able to open other learning institutes such as job training centers and arts schools from 1996.

Improving Foreign Trainees Conditions Planned

SK1612103694 Seoul YONHAP in English 0706 GMT
16 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 16 (YONHAP)—The government wants to improve working conditions for foreign industrial trainees to prevent them from leaving their workplaces without permission and seeking employment illegally.

Plans under study call for raising trainees' wages to a realistic level and providing them with industrial disaster and medical insurance benefits, the Trade, Industry and Energy Ministry said Friday.

Foreign workers residing in the country numbered over 84,600 as of the end of November, less than half (32,852) of whom were legal with the remainder being illegals.

Of the 19,329 foreign trainees brought in under the auspices of the Korea Federation of Small Businesses, 1,718 have deserted their workplaces without permission.

Citing poor working conditions as the reason such large numbers of foreign workers are abandoning their jobs, the Trade, Industry and Energy Ministry plans to drastically improve conditions. Monthly wages for foreign trainees at local firms, for instance, stand at between 250,000 won (about 312 U.S. dollars) to 400,000 won (about 500 dollars), while their illegal counterparts earn between 500,000 won (about 624 dollars) and 800,000 won (about 1,000 dollars).

For one thing, the ministry plans to raise the basic monthly allowance of foreign industrial trainees to 260,000 won—South Korea's minimum legal monthly wage—and apply uniform pay for them irrespective of nationality.

The ministry also aims to induce local firms employing foreign trainees to conclude autonomous wage contracts with the trainees, with their productivity and wage level in identical industries taken into account, when their initial training period expires.

The ministry is consulting with the Ministries of Labor and Health-Social Affairs on ways of extending to foreign industrial workers industrial disaster and medical insurance benefits.

In collaboration with the Justice Ministry, the National Police Agency and the training cooperation group, affiliated with the Korea Federation of Small Businesses, and the Seoul offices of foreign agencies dispatching trainees, the ministry at the same time intends to enforce a joint control system over foreign trainees and levy fines on local companies employing illegal foreign workers.

As a means of ensuring rational recruitment of trainees in foreign countries, the ministry will have staff members of the training cooperation group participate in the recruitment and selection of trainees at the source. Extension of the briefing period from the current two days to about a week is also under study.

Interest in New NSP Director Noted

SK1612084394 Seoul YONHAP in English 0812 GMT
16 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 16 (YONHAP)—With a full-dress reshuffle looming, possible figures in the new cabinet including the prime minister are becoming the center of public interest.

The greatest interest naturally concerns President Kim Yong-sam's upcoming decisions on whom to handpick as the new premier and chief presidential secretary.

But the Agency for National Security Planning (NSP) is second to none in attracting the attention of politicians, officials and ordinary citizens following the impending cabinet shake-up.

As to national power, the NSP no longer appears to wield all- mighty authority behind the scenes as it did under the former regimes and looks to have cast off its infamous role as an advance guard working to preserve the establishment.

But the importance of the NSP cannot be overstated, as it protects national security and controls the domestic and overseas information business.

As the shake-up draws nigh, therefore, the keen interest in whether the NSP director will be changed can be understood in this context.

It's a widely held view that incumbent NSP Director Kim Tok has not only steered the NSP back to its original task of gathering information, but also led the agency capably without making any big mistakes during a very difficult transition period.

Accordingly, some believe he will remain in office, but many connected with Chongwadae [presidential offices] foresee a possible change.

Pessimists on Kim's staying point out that President Kim is resolved to deal with the shake-up issue—almost in the dimension of cabinet formation—and thus the NSP director, the premier and the presidential chief secretary will be replaced.

Among those recommended for the top NSP job, ex-Defense Minister Kwon Yong-hae and former Ambassador to Washington Hyon Hong-chu are considered promising.

"It's true Kwon and Hyon are strong candidates under consideration for becoming the new director," said a well-informed source in the ruling camp. "But the choice of a new director will depend totally on where the focus of future NSP operations is directed."

"Should the president place emphasis on backing up his plans for the middle part of his term, Kwon is promising, while he will consider Hyon in case he puts weight on globalization and overseas business," the source forecast. But for now, Kwon seems to have the advantage over Hyon.

Former Justice Minister Kim Ki-chun was once thought to be in the running but his prospects have dimmed due to the Pusan swellfish restaurant case, in which he allegedly met secretly with a few officials to manipulate the presidential election in favor of the ruling camp.

Also recommended was So Sok-chae, central executive council member of the ruling Democratic Liberal Party (DLP) and part of the Minju faction within the DLP. But most think his chances are not high.

In light of the fact that President Kim is preparing the reshuffle through various information channels including his political-social senior secretaries at Chongwadae, concern is growing over who will be selected to head the NSP.

Kim 'Wholesale Cabinet Reshuffle' Expected

SK1912030194 Seoul YONHAP in English 0244 GMT 19 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP)—President Kim Yong-sam will conduct a wholesale cabinet reshuffle this week as soon as the National Assembly passes the revision to the Government Organization Law.

Kim is expected to replace two deputy premiers—the finance- economy and national unification ministers—together with his senior presidential secretaries including Chief Secretary Pak Kwan- yong.

Government sources said the president will also carry out a shakeup at the vice ministerial level this week to enliven the rank and file of the new government organization.

The sources revealed the massive cabinet reshuffle will take the form of the president's accepting a proposal by newly appointed Prime Minister Yi Hong-ku Monday or Tuesday.

A Chongwadae [presidential offices] staffer said President Kim has yet to notify the prospective individuals in line for government posts, considering that the ruling and opposition parties are still negotiating parliamentary settlement of the revision to the Administrative Organization Law.

As for the finance and economy minister, incumbent Hong Chae- hyong may stay on while other candidates such as Rep. Kang Kyong-sik of the ruling Democratic Liberal Party and Yi Hon-cho, vice chairman of the Lucky-Goldstar Business Group, are being considered.

Chief Presidential Secretary Pak is likely to become deputy premier-national unification minister, but there is a chance he may be appointed Pusan city mayor candidate of the ruling party if he return to the political arena rather than officialdom. In that case, Agency for National Security Planning Director [NSP] Kim Tok would probably fill the post.

Ambassador to the United States Han Sung-su was reportedly recommended for chief presidential secretary along with Construction Minister Kim U-sok.

NSP Director Kim may stay in his present post but DLP member So Sok-chae, former Defense Minister Kwon Yong-hae and former Ambassador to Washington Hyon Hong-chu are also prospective candidates.

Reportedly mentioned for foreign minister are former Vice Foreign Minister Sin Tong-won, Amb. to the United Nations Yu Chong-ha and Amb. to Japan Kong No-myong.

Prospective candidates for home minister are DLP Secretary-General Mun Chong-su, Construction Minister Kim and DLP member So Sok-chae.

In the running for justice minister are former Chief Justice An U-man, ex-Prosecutor-General Chong Ku-yong, former Vice Justice Minister Cho Song-uk and incumbent Vice Justice Minister Kim Chong-ku.

As for defense minister, the candidates are such reserve generals as Sim Ki-chol, Min Kyong-pae, Sin Tae-chin and Song Son-yong.

The following persons are reportedly prospective candidates for ministerial posts:

Education minister—Seoul National University President Kim Chong-un, Hanguk University of Foreign Studies President An Pyong-man and Kungmin University President Hyon Sung-il.

Culture and sports minister—Senior Presidential Secretary for Petitions and Information Kim Yong-su and Senior Presidential Secretary for Social, Educational and Cultural Affairs Kim Chong-nam.

Agriculture and fisheries minister—Agriculture-Fisheries Promotion Corp. President Cho Hong-nae, Korea Agro-Economy Research Institute Director Chong Yong-il and former Vice Minister of Agriculture, Forestry and Fisheries Yi Tong-u.

Trade and industry minister—Amb. to Washington Han Sung-su and Vice Trade and Industry Minister Pak Un-so.

Construction and transportation minister—National Tax Administration Commissioner Chu Kyong-sok, DLP lawmaker Yi Myong-pak and Korea Development Bank President Yi Hyong-ku.

Health and welfare minister—DLP lawmaker Kim Han-kyu and former Vice Health and Social Minister Pak Chong-pu.

Labor minister—DLP lawmaker Paek Nam-chi and Seoul National University Professor Pae Mu-ki.

Communications minister—Presidential Adviser for Science and Technology Yi Sang-ui and former Vice Science and Technology Minister So Chong-uk.

Government Administration minister—Construction Minister Kim and Petition Settlements Committee Chairman Kim Kwang-il.

Environment minister—DLP Supreme Council member Chong Chong-taek and DLP lawmaker Kim Chung-wi.

A wide-ranging reshuffle is also likely among the Chongwadae [presidential offices] presidential secretaries, with the replacement of Chief Secretary Pak almost a certainty.

On the other hand, standing a good chance of retaining their posts are Senior Secretary for Political Affairs Yi Won-chong and Senior Secretary for Economic Affairs Han I-hon.

Senior Secretary for Foreign and National Security Affairs Chong Chong-uk will probably be named ambassador to a major state or to a ministerial post, and mentioned for his job are ambassador to the United Nations Yu Chong-ha and former Vice Foreign Minister Hong Sun-yong.

Senior Secretary for Administrative Affairs Yi Ui-kun looks set to stay on if he does not run for governor of North Kyongsang Province in the forthcoming local autonomy elections.

Senior Press Secretary Chu Ton-sik is reportedly being considered for either culture-sports minister or information minister, but he may retain his post if no appropriate successor can be found. If Chu becomes a cabinet member, Special Assistant to the Prime Minister Yun Ye-chun is a strong runner for the post.

Senior Secretary for Social, Educational and Cultural Affairs Kim Chong-nam may be switched to the administration in accordance with the revamp of the Chongwadae organization.

Secretary for Protocol Kim Sok-u is considered likely to retain his post as he has done a good job.

Further on Government Reshuffles

SK1712012694 Seoul YONHAP in English 0116 GMT
17 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 17 (YONHAP)—President Kim Yong-sam will ask the National Assembly Saturday to endorse his appointment of Deputy Premier-National Unification Minister Yi Hong-ku as new prime minister, replacing Yi Yong-tok.

Kim and Premier-designate Yi started selecting new cabinet members immediately after Yi was named premier. The chief executive is expected to announce shortly a list of fresh cabinet members, including the newly instituted deputy prime minister and finance and economy minister, acting on recommendations of the premier-designate.

Following the cabinet shakeup, President Kim will reshuffle his Chongwadae [presidential offices] staff, including Chief of Staff Pak Kwan-yong, and vice minister-level officials.

Chongwadae Spokesman Chu Ton-sik said the president had designated Unification Minister Yi as new premier to replace Yi Yong-tok, adding, "He will request within today that the parliament approve the new premier."

Kim picked Yi for his experience in administration, as well as his honesty and ability, Chu explained. The president considers Yi the right person to realize the

vision of globalization which the government is pursuing in preparation for the new world trade order, he added.

Born in Seoul, Yi has served the government as Seoul National University professor, unification minister, ambassador to Britain, senior vice chairman of the Advisory Council on Democratic and Peaceful Unification and chairman of the 21st Century Committee, and is currently deputy premier-unification minister.

Analysts say Yi was named cabinet leader in the middle of President Kim's term of office because Kim has full trust in him for his international savvy and expertise on unification issues.

With Yi at the top the new cabinet, which is to be formed next week, will comprise people who can push ahead with the president's globalization vision.

Yi Hong-ku 'Nominated' as Prime Minister

SK1712001194 Seoul KBS-1 Radio Network in Korean 0000 GMT 17 Dec 94

[By reporter Kim Yong-sun from Chongwadae, presidential offices—live]

[FBIS Translated Text] It has been announced that ROK President Kim Yong-sam nominated Yi Hong-ku, deputy prime minister and minister of the National Unification Board, as the new prime minister.

Acting Prime Minister Yi Hong-ku was born in Seoul; graduated from Yale University, the United States; served as professor of Seoul National University; and has served as deputy prime minister and minister of the National Unification Board.

Receives Letter of Appointment

SK1712074394 Seoul KBS-1 Radio Network in Korean 0728 GMT 17 Dec 94

[FBIS Translated Text] President Kim Yong-sam presented a letter of appointment to the new Prime Minister Yi Hong-ku this afternoon, and asked him to work from the position of making a fresh start in preparation for globalization, South-North issues, and an era of regional autonomy.

Assembly Approves Nomination

SK1712061794 Seoul KBS-1 Radio Network in Korean 0600 GMT 17 Dec 94

[FBIS Translated Text] The National Assembly today passed 28 bills, including a bill approving [tongui] the appointment of Prime Minister Yi Hong-ku, and closed the 100-day regular session of the National Assembly.

The National Assembly passed the bill on the appointment with 177 yes votes, 34 no votes, and one abstention.

Career of Yi Hong-ku Profiled

SK1712005894 Seoul YONHAP in English 0049 GMT 17 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 17 (YONHAP)—New Prime Minister-designate Yi Hong-ku is currently deputy premier and minister of the National Unification Board (NUB).

Born in 1934, Yi studied at Emory University in the United States and received a doctorate degree in political science at Yale University in 1968.

He served as an assistant professor at Emory for five years from 1963 and then worked at Seoul National University (SNU) between 1969 and 1988.

He was also president of the Korea Political Science Association in 1986.

Two years later, Yi assumed the post of NUB minister under the No Tae-u government.

In 1990, he was named special aide for politics to President No and then served as ambassador to Britain from 1991-93.

In 1993, he became chairman of the Bidding Committee for the 2002 World Cup in Korea before taking over as NUB minister again this year.

More Information on Yi

SK1712030994 Seoul YONHAP in English 0243 GMT 17 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 17 (YONHAP)—Be it confrontation or negotiation, Prime Minister-Designate Yi Hong-ku doesn't go after a perfect win because he firmly believes a 100-percent victory by one side will never be acceptable to the other.

This is how he got his nickname, "the English gentleman," borne out by his non-threatening appearance and manners, well-rounded knowledge of affairs and easy-going personality.

Yi's name arose every time there was talk of replacing the prime minister, at least two or three times since President Kim Yong-sam took office in February 1993.

As the presidential spokesman explained, the chief executive picked Yi because he is most fit to pursue the "globalization" goal set for the latter half of Kim's term, and because the president predicts a breakthrough in inter-Korean relations now that Pyongyang's nuclear problem is generally solved.

Lee, originally a political science professor at the prestigious Seoul National University, stepped into public affairs for the first time as National Unification Minister when the sixth republic, the Kim Yong-sam government's predecessor, was launched.

But contrary to Kim's aversion to figures from previous governments, Yi has always had the deep trust of the president.

Yi was the backbone of the "Korean national community unification formula" which, according to close aides, took into consideration Kim's opinions.

The president's own unification formula, boasting only a slight change in name while keeping the same contents, attests to this fact.

The president's trust in Yi showed when the latter was virtually given a free hand in coordinating North Korean nuclear and inter-Korean policies.

When Yi was sent to the truce village of Panmunjom last June to negotiate an inter-Korean summit, he went there with the power to make decisions under his own authority. According to some close sources, this is what made the inter-Korean summit agreement possible.

Indeed, the president even echoed Yi's words on one occasion. Yi had said at a meeting of newspaper editors in May that the South-North declaration on denuclearization of the Korean peninsula would be annulled if North Korea was confirmed to possess so much as half a nuclear bomb.

A few days later, the president repeated the same words.

He claims steady popularity with the opposition camp, but there have been downs. For instance, Yi came under fire when he criticized retired opposition leader Kim Tae-chung for insisting on a North Korea-U.S. package deal, saying such comments hampered the government's execution of its North Korea policy.

The premier-designate offers the key quality that the president is looking for at this particular moment—an internationalized outlook.

Yi served as ambassador to Britain and has close personal connections with world affairs. He was appointed chairman of the Bidding Committee for the 2002 World Cup in Korea because of such experience and connections.

The premier-designate says he has no political ambitions. When the press said he was among the ruling party candidates for the powerful Seoul mayor's post, he stated he had "no intention of running in an election that has more than 10 voters."

This self-professed lack of interest in politics and his preference for dialogue draws a picture of an administrative prime minister rather than a political one.

Yi Interviewed on Future Plans

SK1812035494 Seoul KBS-1 Television Network in Korean 1202 GMT 17 Dec 94

[Interview with Prime Minister Yi Hong-ku by anchorman Kim Chong-chin on 17 December; place not given—recorded]

[FBIS Translated Text] [Kim] We will hear from Prime Minister Yi Hong-ku on his future plans.

Hello. First, congratulations on your appointment as prime minister.

[Yi] Thank You.

[Kim] Many people had reportedly been listed as prospective candidates for the position of prime minister. Would you share your views on what led the president to choose you?

[Yi] The president apparently thought that, above all, a cabinet that will pursue his vision of globalization is prerequisite. Accordingly, my job will be to back up the president's globalization vision.

[Kim] Many feel that a new cabinet should be formed soon. When do you plan to reshuffle the cabinet?

[Yi] The National Assembly plans to pass a government reorganization bill during an extraordinary session beginning 19 December. Therefore, shortly after passage of the bill, and after I consult with the president, the announcement will be made.

[Kim] The new cabinet's guideline in handling state affairs will be globalization. How do you intend to push for the realization of the globalization vision put forward by President Kim Yong-sam?

[Yi] Globalization is a new concept quite different from internationalization. In the concept of space, it means the ROK will become a central nation in a world in which we have become a neighbor. In the concept of time, it implies we should not be bound to the past, and should march forward into the 21st century. For this, the government should unite the leadership and gear up to propel its vision along with the people.

[Kim] North-South relations, especially the unification issue, is the most urgent pending issue that needs be resolved by the current regime. On the basis of your experience as minister of the National Unification Board, do you have any plans that can advance stalemated North-South relations?

[Yi] The policy on North-South relations is not something that needs to be changed or modified. We have no choice but to pursue the current policy with patience, because the future of inter-Korean relations depend on how the North Korean regime reforms itself, not on our efforts. For this, the government will work to make all possible preparations, and will wait for such an opportunity.

[Kim] I congratulate you again on your appointment. Thank you for spending time with us.

[Yi] Thank You.

Views Korean Reunification

SK1712021794 Seoul YONHAP in English 0204 GMT 17 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 17 (YONHAP)—Prime Minister-designate Yi Hong-ku said Saturday the

prospects for Korean unification depend on the direction in which North Korea's new leadership is moving, not on the South Korean Government reorganization or replacement of policymakers in Seoul.

Meeting the press at his Unification Ministry Office right after his designation as new prime minister was announced, Yi said, "I think there is a considerable national consensus on national unification, and I believe this consensus calls for a step-by-step approach to the unification issue through dialogue. But we must avoid war and keep our freedom under any circumstances."

Asked about his view of public service, he said, "Because a government post is not one you can select, you've no choice but to do your best when you're given a chance to serve the public."

He refused to comment on his policy as premier, saying that "I must first have time to think about things."

Prior to meeting the press, Yi called on Prime Minister Yi Yong-tok at his office to speak with the outgoing premier for about 10 minutes.

DLP Chairman Convenes Postholders' Meeting

SK1912001894 Seoul YONHAP in English 0005 GMT
19 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP)—Kim Chong-pil, chairman of the ruling Democratic Liberal Party [DLP], called an emergency meeting of DLP high postholders Monday [19 December] morning, indicating that he may state his position after talks with President Kim Yong-sam over the weekend.

Kim instructed his close aides to convene the unscheduled meeting prior to an expanded postholders' meeting planned for Monday. The get-together will be attended by three key postholders—secretary general, floor leader and chief policymaker.

Kim's aides disclosed that the chairman is calling the meeting to explain his talks with President Kim at Chongwadae [presidential offices] on Saturday.

They noted that Chairman Kim will also take part in the expanded postholders' meeting after the key postholders' session, adding there is no need to attach significance to the meeting.

Kim Chong-pil: No DLP Reorganization Planned

SK1912054294 Seoul YONHAP in English 0521 GMT
19 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP)—Kim Chong-pil, chairman of the ruling Democratic Liberal Party (DLP), said Monday [19 December] the party will not be reorganized at its national convention early next year.

Presiding over an expanded meeting of party officials, he said, "We will not reduce the number of the central standing committee, either."

Some figures inside and outside the DLP have predicted that the party leadership system will be altered at the national convention, even suggesting a change in the current position of DLP chairman.

Conveying the contents of his meeting with President Kim Yong-sam to party officials, the chairman said, "President Kim hoped that the national convention would show the unity of the party to the people."

Chairman Kim did not comment on a possible change in his position.

"I know very well what I am supposed to do. I am the man who understands better than anyone else which shape the ruling party should take," he said.

DLP Secretary-General Rep. Mun Chong-su said he understands Kim's remarks that there will be no reorganization as meaning there will be no change in the major framework stipulated in the party's constitution.

But Rep. Mun did not comment on the possible change of chairman Kim's position in the party leadership.

Chairman Kim did not comment directly on a change in his position, either, suggesting that President Kim had not made any detailed remarks on the matter.

About the date of the national convention, chairman Kim said, "President Kim said that he hoped to hold the national convention as soon as possible around Feb. 9, the party's anniversary."

Chairman Kim expressed his dissatisfaction, saying they should talk about the DLP inside the party and that some individual opinions were misunderstood outside the party as the party's official position.

Some party officials have said there will be a reorganization, suggesting that chairman Kim may be removed from the party leadership at the national convention next year.

Meanwhile, the DLP will form a preparatory committee, of which Secretary-General Mun will be chairman, to prepare fully for the national convention as soon as the special session of the National Assembly ends later this week.

Focus on Kim Yong-sam-Kim Chong-pil Meeting

SK1712031194 Seoul YONHAP in English 0238 GMT
17 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 17 (YONHAP)—Amid the mounting factional conflict within the ruling Democratic Liberal Party (DLP) over its leadership, President Kim Yong-sam meets with DLP Chairman

Kim Chong-pil at Chongwadae [presidential offices] Saturday afternoon for a weekly get-together on party and national affairs.

The outcome is certain to draw attention as the two top DLP leaders are meeting for the first time since President Kim disclosed his intention to convene a party convention early next year and after the democratic faction, faithful to him, called for a revision to the party constitution replacing the present chairmanship with vice presidents, to be selected in a competitive vote at the convention.

In particular, Kim Chong-pil at a meeting of senior party functionaries Friday expressed strong dissatisfaction with the early convening of the party convention and the move to reshape the party leadership. He then mentioned he was thinking of stepping down.

When Secretary-General Mun Chong-su proposed that the forthcoming party convention be held in Taejon, Kim responded: "Don't do it. I know everything. Why do you want to hold it in my hometown? I'm the one to step down at the party convention. I'll step down quietly."

Kim's remarks are believed to reflect his anger at President Kim's decision to hold the party convention early next year without consulting him, and at the Democratic faction move, spearheaded by Home Minister Choe Hyong-u, to change the party leadership now centered around him.

One of Kim Chong-pil's close associates said, "Chairman Kim is convinced that the Democratic faction has been earnestly seeking a change to the party leadership. His sense of pride won't allow him to accept the idea of holding the party convention, where he might be forced to resign, in his hometown Taejon."

He also said, "Since Chairman Kim touched upon his future course of action at a formal gathering, whatever the causes might be, he will make his position clear on this matter to President Kim."

It is expected, therefore, that the DLP's internal conflict over the party leadership will hinge on the outcome of the Chongwadae meeting Saturday afternoon between President Kim and Chairman Kim.

Burma**Fighting Lessens After Army Offensive on Karens***BK1812095194 Bangkok THE SUNDAY NATION in English 18 Dec 94 p A5*

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Shelling and fighting have nearly ended in the wake of the Burmese army's offensive against a dissident student camp north of the headquarters of the ethnic Karen movement opposite Thailand's Mae Hong Son province yesterday.

Thai border authorities said the Burmese troops fired a few mortars yesterday morning on Kawmura, the Karen special 101th military base opposite Thailand's Tak province, and also on scattered students who had abandoned their Daunggin headquarters opposite Mae Hong Son early on Friday when they were attacked on the ground by two Burmese battalions.

After capturing Daunggin, located on the Salween River, Burmese troops burned it down then retreated to a station on a hill a few kilometres to the west, said the authorities.

The Burmese troops did not advance towards or continue shelling the Karen headquarters of Mannerplaw, about 50 kms south of Daunggin, but the army's presence around the student camp automatically cut off the Karen supply line and communications coming from the northern Thai village of Mae Sam Lap.

"The fighting has died down, but we must closely monitor the situation for a few more days to see if the Burmese army will call it quits or wait to launch more offensive attacks on the Karen," said a Thai authority.

The Burmese army launched a lightning offensive against the Karen and students' border camps early this week, breaking its own self-proclaimed unilateral ceasefire of April 1992 against armed ethnic groups.

Some Thai officials had earlier predicted that the ruling Burmese junta or the State Law and Order Restoration Council (Slorc) staged the offensive to pressure Karen guerrillas to enter peace dialogues.

The Karen National Union (KNU), one of the three remaining armed ethnic groups, still refuses to hold peace talks with the Slorc unless talks are held in Rangoon with a UN witness. The Slorc wants the negotiations to take place in the Mon State's capital of Moulmein without a third party.

Officials said yesterday that the Burmese army has now taken several outposts closer to Mannerplaw with its successful attacks and has managed to enclose the Karen headquarters on the north, south and west, leaving the camp open to the Moei River and Thailand on the east.

A statement released yesterday by the dissident All Burma Students' Democratic Front said a total of 14

Burmese companies, over 1,000 troops, were employed in the operation against their Daunggin camp.

They said the Burmese troops had retreated 12 kms to the west of the camp after burning it down.

The statement said there were no reports of casualties on the student side and that losses in the Burmese army have not yet been confirmed.

Student Spokesman Denies Base Falls*BK1912120794 Hong Kong AFP in English 1146 GMT 19 Dec 94*

[FBIS Transcribed Text] Bangkok, Dec 19 (AFP)—Burmese troops and dissident students battled each other Monday in the country's east as about 1,000 ethnic Karen fighters converged on the area to reinforce the insurgents, a student source said.

Minn Aung Myint, who is in charge of external relations for the Democratic Students' Federation of Burma, told AFP here that earlier reports from a Karen source claiming that troops of Burma's State Law and Order Restoration Committee (SLORC) had seized the students' Daunggin guerrilla base were false.

The assault by Burmese troops Thursday was on a forward post of the base in the Lae Toe zone, about 60 kilometres (36 miles) north of the Karen National Union (KNU) stronghold at Mannerplaw. The KNU is the oldest and most powerful insurgent movement in Burma.

The student leader said fighting continued about 12 kilometers (seven miles) from Daunggin, which is the base for about 1,500 KNU-trained student guerrillas, as the students and government troops exchanged automatic weapons fire and pounded each other with mortars and artillery. He also said the KNU had ordered 1,000 reinforcements to the area. Most were travelling to the theater of battle by foot and on boats along the Salween River, which flows near the Thai border. The military junta in Rangoon had boosted its troops in the area by 500, he added.

The student warned that if Daunggin fell, the KNU headquarters at Mannerplaw could be laid open to attack by SLORC troops.

Brunei, Malaysia & Singapore**Malaysia****Mahathir 'Satisfied' With Casablanca Summit***BK1612130994 Kuala Lumpur NEW STRAITS TIMES in English 15 Dec 94 p 2*

[By Ahmad A. Talib]

[FBIS Transcribed Text] Casablanca, Wed—Datuk Sri Dr. Mahathir Mohamed said he was quite satisfied with

the Seventh Summit of the Organisation of Islamic Countries [OIC], particularly in his bilateral talks with other Islamic leaders.

The Prime Minister said he had useful discussions on matters affecting the Muslim world. He singled out his meeting with the President of Turkey, Suleyman Demirel, as the most important.

He said: "My meeting with the Turkish President was important because we exchanged ideas on the situation in Bosnia-Herzegovina, especially on the position of our soldiers stationed there. We discussed the possible status of our soldiers should the Europeans decide to withdraw their peace-keeping forces under UNPROFOR [United Nations Protection Forces]."

The Prime Minister said this at a press conference here today. Foreign Minister Datuk Abdullah Ahmad Badawi was also present.

Dr. Mahathir said Malaysia and Turkey would meet the OIC contact group which was in touch with the Bosnian government on the present situation.

Any future plan of action will be decided after the meeting with the contact group.

Dr. Mahathir said: "In my discussion with the Turkish President, we looked at possible options. We looked at possible positions if the United Nations allows European peace-keeping forces to leave.

"What is the position of the UN then? What will happen to our soldiers? Can we still believe in the UN? If the UN has no political will, what will happen elsewhere?"

Asked whether the OIC will propose an alternative peace-keeping forces of its own in place of UNPROFOR, Dr. Mahathir said the OIC was in no position to do so.

If the OIC was to go in without the UN, then it would appear as if it was declaring war on the Serbs, he said.

This would lead to severe reactions from some quarters, the prime minister added.

Asked on his impression of the OIC, Dr. Mahathir said he did not attend the summit looking and expecting a miracle.

He said he was aware of the OIC shortcomings and strengths and that the summit gave him a useful opportunity to meet other leaders.

Dr. Mahathir's bilateral talks include leaders from Lebanon, Kazakhstan, Algeria and Burkina Faso. He also met the Amir of Kuwait.

The prime minister said that OIC was still important in Malaysia's foreign policy after ASEAN. He said Kazakhstan was keen to learn about MARA's [Council of Trust for the Indigenous People] role to promote social and economic development as well as Malaysia's efforts to attract foreign investors.

Editorial Accuses UN of Blocking Bosnian Peace

BK1712130894 Kuala Lumpur BERITA HARIAN in Malay 9 Dec 94 p 10

[Editorial: "The United Nations Is Blocking Peace in Bosnia-Herzegovina"]

[FBIS Translated Text] About a year ago, the Islamic Conference Organization [ICO] offered to send 20,000 peacekeepers from Islamic countries to Bosnia-Herzegovina to serve under the UN banner. Iran, Pakistan, Malaysia, Turkey, Bangladesh, and Jordan were among the serious countries. Iran, which always claims to be the champion of the Islamic struggle, was ready to send about 10,000 peacekeepers, while the other countries several thousands. However, the United Nations was biased because it flatly rejected the Iranian and Turkish offers.

The Turkish request was rejected for a simple reason. Ankara has historic ties with the Bosnian Muslims and will, thus, be unable to act soundly and wisely there. Tehran's offer was automatically ignored since Iran has been accused of sponsoring terrorism. The impartiality of great powers which have "used" the United Nations became more visible when the world body allowed a group of Russian peacekeepers to serve there following Russia's strong pressure.

We see the UN action as proof that it does not consistently maintain its policy. If Turkey has historic ties with the Bosnians, what about Russia? The Russians and Serbs share many similarities, including their Slavic heritage.

As the Bosnian crisis is intensifying and the Serbs are showing their arrogance in the battlefield, the United Nations and several Western powers are exposing their true colors. They are mulling a plan to withdraw over 23,000 peacekeepers from Bosnia-Herzegovina.

We feel that all withdrawal arrangements have been made to enable them to end the mission in Bosnia-Herzegovina where they spent more time at the negotiating table and just demonstrated their air supremacy through air raids by NATO jet fighters during the 32-month Balkan crisis.

The latest development was the UN readiness to withdraw some 1,200 Bangladesh peacekeepers trapped in Bihac. This will be followed by a gradual withdrawal of peacekeepers from Bosnia-Herzegovina. We are skeptical about the UN stance. Is it now ready to allow the Serbian terrorists to devour the remaining Bosnians who are defending their motherland? Prime Minister Datuk Sri Dr. Mahathir Mohamed, who is clearly indignant at the stance of great powers and Western human rights champions, has stated that Bosnia-Herzegovina is an example of how the Westerners like talking about human rights, while they themselves are indifferent to brutal acts committed at their doorsteps.

Most Islamic countries are in fact very concerned about the sufferings of the Bosnian Muslims. Their determination to do something, however, was easily shattered due to a fuss created by great powers and the dissimulation of some rich Islamic nations. For example, Iranian Foreign Minister Ali Akbar Velayati is known for his concern over the welfare of the Muslims and he expressed Tehran's readiness to send 10,000 soldiers to Bosnia-Herzegovina.

Velayati said that not long ago Iran and several other Islamic countries requested to UN Secretary General Butrus Butrus-Ghali that they be allowed to send at least 20,000 soldiers to Bosnia-Herzegovina.

Butrus-Ghali, however, stated that some members of the UN Security Council disliked the Islamic plan. Although he did not mention the countries concerned, we can guess which of the five permanent members of the Security Council—the United States, Britain, France, China, and Russia—dislike the idea. ICO foreign ministers, who were meeting in Geneva this week, accused the United Nations of failing to fully carry out its mission in Bosnia-Herzegovina and asked the world body to increase the strength of peacekeepers there from 23,000 to 35,000.

The ICO ministers were also committed to sending Islamic troops to replace any withdrawn Western troops. In our opinion, it is time for the Muslims to act through the ICO instead of simply allowing the great powers and the United Nations to determine fate. Accordingly, the ICO summit in Casablanca next week can become a starting point for the struggle.

Editorial Outlines Weaknesses of Muslim Countries

BK1612141394 Kuala Lumpur NEW STRAITS TIMES in English 15 Dec 94 p 12

[Editorial: "Un-Islamic Unity"]

[FBIS Transcribed Text] In one of history's little ironies, the event that marked off the demise of nearly five centuries of Islamic unity was glamorised in the West as an adventure story. In a slightly bigger irony, Western political ideas had done more to bring about that downfall than all of the mighty Crusades put together. T.E. Lawrence, or Lawrence of Arabia, chronicled the Arab Revolt, the famous desert uprising that went all the way to take Damascus in 1918 like a battering ram in the solar plexus of the Ottoman Empire. The motivation of that rebellion was imperial liberation and Arab nationalism—boon as well as an almost equal bane for the Middle East to this day. Since Lawrence, the Arab lands, and most of the Islamic bloc of nations along with it, have never ceased to fall prey to interlopers outside drawn in by its vying interpreters of nationhood. History has also never provided cause for these self-serving outsiders to pine for Muslim unity; reputed, and otherwise level-headedly objective, scholars continue to raise the spectre of an Islamic resurgence threatening a "clash of civilisations".

As well they might. The extremely rare occasions when leading Islamic countries manage to act in concert have posed an unrivalled wrecking potential to the West's vital interests. At the height of its power, OPEC held the fate of the world economy in its price-setting hands. This power however, is in direct proportion to the rarity of its application. Most of the time, Islamic countries have been at war—both cold and hot, regional and civil, and always internecine. OPEC went furthest before it became enervated by fractious members blinkered by their individual realpolitik. [preceding word published in German] Other Islamic conglomerations have barely gone beyond the rhetoric of their formation. Since its advent in 1969, the Organisation of Islamic Countries (OIC) has shunned collective action nearly as energetically as it has voiced its pedestrian unity. Still, the 52-member grouping is a lot better than nothing. In spite of its often irreconcilable gamut of national and sectarian interests, the OIC has done well as a talking shop, from which it has been a springboard for shared platforms in multilateral bodies such as the United Nations. But even here, it can fail in what it was most beholden to achieve—by the card of a single veto, Russia shot down a combined Islamic and non-aligned countries' proposal to tighten sanctions on Serbia in the United Nations earlier this month.

Addressing the OIC's seventh summit, Prime Minister Datuk Sri Dr. Mahathir Mohamed characteristically did away with the self-deceiving platitudes that aim only to reassure. Lamenting their frustrating lack of co-operation, he blamed Muslim countries' own internal insecurities for the often petty jealousies that keep them prised apart. While Western Orientalists fulminate against the menace of "Islamist" insurgents in North Africa and the Levant, their governments continue to resist the core issues and discontent on which any and every form of extremism thrives. Dr. Mahathir deprecated the unending cycle of violence that keeps many Muslim nations down at heel. Continually at odds, if not actually at each other's throats, it is little wonder that the middle ground of consensus is so hard to find. The proposal by Malaysia this week to re-assess and reformulate the OIC should seek to separate the obvious concerns of the general ummah [followers] from the strands of antagonism that keep members suspicious of combined action.

Finance Minister on Third Quarter Growth

BK1812083594 Kuala Lumpur Voice of Malaysia in English 0600 GMT 18 Dec 94

[FBIS Transcribed Text] The Malaysian economy continued its strong expansion in the third quarter of this year with real gross domestic product, GDP, growth at 8.9 percent compared with 8.3 percent in the previous quarter. Deputy Prime Minister Datuk Sri Anwar Ibrahim said the inflation rate is measured by the consumer price index moderated to 3.2 percent during

the period. He was speaking at a dinner attended by the Kuala Lumpur Stock Exchange, KLSE, in Kuala Lumpur.

Datuk Sri Anwar, who is also Finance Minister, pointed out that the largest inflation rate was attained despite some futuristic expectation. He also said the local stock market is generally expected to be strong in the long-term supported by a rock solid economy, continued flow of foreign funds and good corporate earnings.

However, he stressed that the local bourse should not be left to and dictated by foreign funds. He added that there is a higher demand for professionalism in the increasingly sophisticated stock market.

Singapore

Ministry 'Astonished' at U.S. on Lingle Case

BK1712121894 Singapore Radio One in English 1100 GMT 17 Dec 94

[FBIS Transcribed Text] The Foreign Ministry says it is astonished at the comments by U.S. State Department spokesman Mike McCurry yesterday on the Christopher Lingle case. Mr. McCurry was quoted as saying the U.S. regrets that the Singapore Government and Senior Minister Lee Kuan Yew are taking steps against Professor Lingle. An MFA [Ministry of Foreign Affairs] spokesman had on 21 October rebutted the State Department's contention that Lingle's case involved the right to freedom of opinion and expression.

In the statement today, the MFA spokesman said the U.S. State Department still ignores the fact that Lingle's case is about contempt of court. He stressed that Senior Minister Lee's libel suit against THE INTERNATIONAL HERALD TRIBUNE is the action of a private citizen, not of the Singapore Government. Lingle's case is now before the Singapore courts.

Cambodia

Government Favors Oil Cooperation With Thailand

BK1712133194 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 17 Dec 94 pp 1, 4

[FBIS Translated Text] The Kingdom of Cambodia and the Kingdom of Thailand have agreed to set up a joint development zone in the sea that is being disputed by the two countries. Last Monday Ing Huot, minister of foreign affairs and international cooperation, led a Cambodian delegation to attend an international conference on sea laws (SEAPOL) in Bangkok, Thailand. In attending the conference, Cambodia has a clear goal of settling the issue of the disputed sea area that contains oil and natural gas.

According to observers, this dispute has been swept aside or ignored by the two countries for a long time. However,

after CAMPEXIM, an oil exploration company, found oil and natural gas in the Gulf of Thailand about 155 km northwest of Sihanoukville in mid-January 1994, Thailand reacted to the news by laying claim to the area. On this issue, Cambodian Government sources hold that the two countries (Cambodia and Thailand) should work together in temporarily exploiting the oil and natural gas by setting up a commission before settling this issue legally by taking the matter to the World Court.

Prince Kromkhun Norodom Sirivut, former minister of foreign affairs, said the Cambodian Government should not settle this issue of overlapping sea area through confrontation. Talks should be held and a joint agreement signed, the way Thailand and Malaysia did.

In this vein, the Royal Government has set up a commission led by the Ministry of Foreign Affairs to settle the claim to this overlapping area containing the oil and natural gas.

According to Nhep Bunchin, the area considered to be overlapping with Thailand is about 24,312 square kilometers. He said that he wants talks to be held soon because the oil and natural gas in this area is worth hundreds of millions of dollars. If we do not exploit this, it is like leaving money buried and idle.

Thai newspapers interested in this matter have written that Cambodia needs to seek benefits from this source of oil and natural gas. Cambodia wants to develop the country and "the huge income from oil and natural gas could lift the country out of poverty to become a rich country in a wink."

During the trip to attend the conference, Ing Huot held talks with Thai officials on bilateral relations, including cooperation in the overlapping area. Ing Huot said in Bangkok that Cambodia would welcome joint cooperation and that the Royal Government of Cambodia will send a delegation to Thailand in early 1995 to discuss the issue.

Speedy Implementation of Immigration Law Urged

BK1912061694 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 18 Dec 94 pp 1, 2

["This Issue's Comment" column by Meanop: "Points To Consider When Implementing the Immigration Law"]

[FBIS Translated Text] Cambodia's Immigration Law was passed by the National Assembly on 26 August. Because of protests by Vietnam and human rights groups, it was nearly a month later—that is, on 22 September—that the acting head of state decided to apply his signature and promulgate it.

Political circles, the media, and some MP's have criticized the delay in implementation. Some politicians have even used this case as an excuse to attack the Royal Government.

Cambodia's Immigration Law covers all foreign nationals residing in Cambodia. The country that is most affected by this law is Vietnam because a large number of its nationals are living in Cambodia. Many supporters and pressure groups in the country have urged the Royal Government to implement the law without any more delay, but the Royal Government seems to be contemplating the political and technical aspects of this law to make sure it can be enforced effectively.

The special commission to deal with the issue of Vietnamese settlers—set up by the Royal Government on 11 October with representatives from the Interior Ministry, the Foreign Ministry, the Cabinet Office, and the Ministry of Social Welfare and Labor—is not yet known to have made any contact with Vietnam. Surely there will be complications when this law is implemented. Complications may arise from the fact that this law must be enforced at all costs against all aliens, regardless of their nationality. Will Vietnam, however, agree to take back deported illegal Vietnamese immigrants?

Implementing this law is Cambodia's right as a sovereign state. We hope Vietnam will not do anything that can be regarded as interference in Cambodia's internal affairs. What should we do, though, if the Vietnamese Government refuses to accept the repatriation of illegal Vietnamese immigrants? Should we open Vietnamese refugee camps in Cambodia? Should we solve this problem according to both international and Cambodian law with aid from the UN High Commissioner for Refugees?

This might become a formidable test; it will show the Royal Government's political savvy and knack if it can implement this law proficiently. The Royal Government's success in solving the problem of the Vietnamese settlers will also be a success in countering the opportunists who are taking advantage of this issue to lay blame and find fault with the Royal Government.

KR Blames Government for Spread of AIDS

BK1812120894 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 17 Dec 94

["Communique" issued by the spokesman of the Provisional Government of National Union and National Salvation on 16 December; place not given]

[FBIS Translated Text] I. According to statistics, 1 million Cambodians nationwide already have AIDS. The situation is alarmingly dangerous for our nation and people. The number of AIDS victims increases every day, every month, every year without end. And the parents infected with AIDS pass it to their children and grandchildren.

This is a social war to destroy the Cambodian people waged by communist Vietnam, the communist Vietnamese puppets, UNTAC [UN Transitional Authority in Cambodia], the alliance, and the two-headed government. The war is to eradicate the morality, the perfect

decorum, and the soul of our Cambodian nation, thus enabling communist Vietnam to swallow Cambodia and to exterminate the Cambodian race as in Kampuchea Kraom.

II. The Cambodian nation and people and the world have clearly seen the root cause of this situation. For 16 years, communist Vietnam, the communist Vietnamese puppets, UNTAC, the alliance, and the two-headed government have waged military, demographic, and social wars and implemented a most criminal and fascist strategy and policy against the Cambodian nation and people. They also have caused starvation in Cambodia with the attempt of pressing the starving Cambodian people into serving as fodder for their cannons used in the Vietnamese war of aggression and by forcing young Cambodian women, who are suffering hardship and famine, into serving as prostitutes.

Another cause is that communist military commanders, the communist Vietnamese puppets, UNTAC, the alliance, and the two-headed government have allowed hundreds of thousands of Vietnamese prostitutes, who bring in AIDS, to stream into the national society of Cambodia since 1991. The Vietnamese prostitutes are demons and the source of AIDS and other venereal diseases in Cambodian society.

At present, in the Democratic Kampuchea-liberated zones, there are no Vietnamese prostitutes, Vietnamese brothels, casinos, gambling, or AIDS while corruption and vices are widespread in the regions occupied by the two-headed government. The two-headed elements operate Vietnamese brothels everywhere. There are tens of thousands or even hundreds of thousands Vietnamese prostitutes in Phnom Penh, Kompong Som, Koh Kong, and other provinces. The two-headed government, communist Vietnam, and the communist Vietnamese puppets are all Vietnamese brothel operators. They use Vietnamese prostitutes as weapons to kill the Cambodian people, eradicate the morality and perfect decorum of the Cambodian national society, terminate our Cambodian soul, and transform our society into a most corrupt, vicious, dirtiest, and basest society.

III. Communist Vietnam, UNTAC, the alliance, and the two-headed government are the arch criminals killing the Cambodian nation and people. They commit the most serious war crimes against the Cambodian nation and people and mankind. The Cambodian nation and people nurture an intense hatred for them.

In the face of this great danger, the Cambodian nation and people and the Provisional Government of National Union and National Salvation [PGNUNS] are joining hands to fight in order to:

1. End the race exterminating Vietnamese of aggression quickly, thereby restoring national reconciliation to Cambodia with a view to solving the increasingly severe national and social problems in all fields and sectors.

2. Smash and wipe out all Vietnamese brothels in Cambodia.

3. Educate the children of our Cambodian families of all generations to uphold their morality and the perfect decorum of the Cambodian nation and people at all costs. They are urged to guard themselves against falling prey to the most corrupt and vicious society of the two-headed government, communist Vietnam, the communist Vietnamese puppets, and the alliance. We should educate our people to feel proud of their nation and people, who are currently conducting a tenacious struggle with highly commended heroism, to liberate the nation and defend national survival.

16 December 1994
PGNUNS spokesman

Government Blamed for Starvation

BF 812100494 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 17 Dec 94

["Communique" issued by the spokesman of the Provisional Government of National Union and National Salvation on 16 December; place not given]

[FBIS Translated Text] I. Now and next year, starvation remains a very big and serious problem because the nearly 500,000 tonnes of rice on hand is still far short of what is needed. Some 3 million people or one third of the Cambodian population are starving. Seriously affected are those in Cambodia's eastern region bordering Vietnam, especially Takeo, Kampot, Prey Veng, Svay Rieng, Kompong Cham, Kratie, Stung Treng, Mondolkiri, and Ratanakiri Provinces. The people in the central region around Tonle Sap Lake and the western and northern regions also are severely affected.

II. The people have been suffering tremendously in all fields and sectors; their living conditions have considerably worsened due to the war of aggression waged by communist Vietnam, the alliance, and the two-headed government for years. Now, in addition, the serious problem of bread and butter has arisen. The arch criminals have to bear full and total responsibility because they are all provokers who have endlessly fuelled war to bring about starvation to kill the people.

The starvation that has affected millions of people is caused by:

1. The race exterminating war of aggression and invasion of Cambodia conducted by communist Vietnam for 13 years—the war has been continued by UNTAC [UN Transitional Authority in Cambodia], the western alliance, and the two-headed government so far for 16 years total. The protracted war has dried up the production work force, production means and equipment, natural resources, funds, and so on. The traitorous and corrupt two-headed government's authorities in urban and rural areas, which are getting increasingly bogged down, have

become more fascist. Their troops destroy everything in the areas they have reached. They completely burn all houses belonging to the people. They destroy all the cattle, rice, paddy, and seeds that they cannot take away with them. The contentious areas that have been seriously affected are in the provinces of Oddar Meanchey, Siem Reap, Kompong Thom, Preah Vihear, Kratie, Kompong Cham, Stung Treng, Battambang, Pursat, Kompong Speu, Kampot, Takeo, Kandal, Kompong Chhnang, Koh Kong, Kompong Som, and so on.

2. The 4 million Vietnamese. The presence of the Vietnamese constitutes a demographic war. They are swallowing the Cambodian population, Cambodian territory, and the natural resources of the Cambodian nation and people. Since the 4 million Vietnamese represent half of the Cambodian population, how much land, fish, orchards, river, forest, employment, and occupation belonging to the Cambodian people do they control and plunder? Given the situation where they can plunder at will with the forces of the military, police, and civilian authorities under their total control, how much rice, fish, and meat belonging to the Cambodian people do they consume in Cambodia? And what is the quantity of the loot they plunder and truck to Vietnam?

3. The policy of starving the people implemented by the old and enemies and the two-headed government. In the past, communist Vietnam implemented the policy, but afterward, UNTAC, the alliance, and the two-headed government also have implemented the policy. They have employed all manner of measures to implement the policy, especially to plunder land, paddies, orchards, crops, cattle, and seeds, depriving the people of their land, production means, and food with the intent to starve them to death. This gives them the opportunity to force the people into the army and to oppress, massacre, and exploit them freely.

III. Presently, the biggest and most serious problem of starvation has affected the life of millions of people, thereby affecting the survival of the Cambodian nation and race as a whole. This problem must be solved, no matter what. And the basic solution is that the war must be put to an end, national reconciliation and peace must be achieved, and a national government with the participation of all national forces must be established to solve the problem of the nation's destiny free from any outside intervention.

IV. At this point in time, the Provisional Government of National Union and National Salvation [PGNUNS] is trying to do whatever it can to take part in appeasing the people's sufferings. In the past, the PGNUNS and Democratic Kampuchea strived to help solve the starvation problem as much as they could through repairing dams and reservoirs; supplying seeds, cattle, and carts; plowing land and planting rice, distributing salt to the people, and so on. The PGNUNS did this wholeheartedly with the sense of responsibility and the determination to continue sharing weal and woe with the nation and people.

All in all, to solve the starvation problem basically, war must be put to an end, national reconciliation must be achieved, peace must be restored, and all national forces must participate in a genuinely national government. Only with these conditions fulfilled can all national and social problems definitely be solved.

16 December 1994
PGNUNS spokesman

Indonesia

Editorial Calls ICO Declaration 'Ambivalent'

BK1712104394 Jakarta MERDEKA in Indonesian
16 Dec 94 p 6

[Editorial: "The Casablanca Declaration Is Ambivalent"]

[FBIS Translated Text] After an enthusiastic start and fiery proceedings, the Islamic Conference Organization [ICO] Summit in Casablanca finally issued a compromise declaration. Problems faced by Middle East countries and Muslim-majority countries represented in the ICO summit are in fact a universal challenge in the course of world history. The problems are not easy to settle in a fiery debate, but they must be faced with concrete and clear concepts.

There were initial fears that it would be hard for the ICO member countries to reach a consensus because of the unresolved Iraqi-Kuwaiti conflict and other regional conflicts. These problems can only be resolved with concrete action. The ICO has been unsuccessful in seeking a formula and way out to improve the lives of Muslims outside the petrodollar countries, most of whom live below the poverty line, during its 25 years of existence. Middle East countries lack unity in facing the Zionist State of Israel. Worse still, the Muslim world is facing civil war in Somalia and an endless war in Afghanistan. Now, there are problems in Bosnia-Herzegovina and Chechnya. The Morocco ICO Summit should have needed several weeks to settle all the problems facing the Muslim world.

Why was Morocco made a starting point by the ICO to achieve Muslim unity? This is not a difficult question. Moroccan King Hassan is a leader who has farsightedness and a cool mind. In Morocco, hundreds of Islamic sects live peacefully side by side like "hundreds of flowers blooming together." For several decades, Moroccan Muslims have been living peacefully despite their diverse sects, while a similar situation is not found in its neighbors—Algeria, Egypt, and Sudan. In Morocco, modernism and traditionalism go hand in hand without any friction, giving an impression that two phenomena are only "fashions" and not two deep-rooted philosophies. Prior to and during the ICO summit, slogans displayed in public places read "Fanaticism and Exclusivism Are Not Islamic."

There is, however, a fundamental question. Can Morocco really become an Islamic model worldwide? Can King Hassan's way of thinking and outlook become the basis for the settlement of problems in Muslim-majority countries? Take Lebanon, Bosnia-Herzegovina, and Chechnya as examples. A new civilization, which may be or may not be barbarian, will emerge. The new civilization will certainly edge out the "old" civilization, which is labeled "traditional." No one knows the answers to these questions because they are still hidden behind a mirage. This is reflected in the Casablanca Declaration, which contains vague resolutions.

There is a clear example. All 52 ICO delegations agreed to support Bosnia-Herzegovina. The draft final document reflected the ICO's strong stance. But the delegate from Bosnia-Herzegovina, Nerkuz Arifhodzic, commented: "The document contains efforts to settle the Bosnian issue politically, diplomatically, and economically, but these are just efforts. What is badly needed is the formulation of an effective and concrete program which will bring about concrete action." When asked to clarify whether he speculated about military aid from ICO member countries, the Bosnian ambassador said: "It is too early to talk about such a matter. I never rule out such a possibility, but the document does not call for confrontation, but rather expresses a determination to help Bosnia-Herzegovina to perpetuate its legal rights for self-defense and to counter any external force that will eliminate Bosnia-Herzegovina."

In Casablanca, ambivalent ICO member countries whose interests are strongly linked with those of Western countries clash with Muslim-majority countries whose interests are harmed by the West. The result was predictable—a blurred and compromise declaration. It is no exaggeration to say the Casablanca Declaration is like a "heron which flies high and far, but will eventually land in a puddle."

Daily Stresses Free Trade as World's Choice

BK1912121294 Jakarta SUARA PEMBARUAN in Indonesian 16 Dec 94 p 2

[Editorial: "Free Trade Is the Choice"]

[FBIS Translated Text] It is ironic that amidst the issue of liberalized trade and investment at the end of the Uruguay Round of GATT talks and the APEC's [Asia-Pacific Economic Cooperation] Bogor Declaration, our attention is still focussed on the different views on protection, which is contrary to liberalization. The issue of trade protection is then associated with the economic power being concentrated in conglomerate companies. Besides, the nature of liberalization and our readiness to face the free market era often turn out to be a controversial issue.

With this background, we can read and ponder over the meaning of all explanations repeatedly given by President Suharto recently. When receiving the participants

of the 27th regular course organized by the National Defense Academy at Merdeka Presidential Palace in Jakarta on 13 December, President Suharto said that it is only natural in our country that the people wonder whether Indonesia is able and ready to take advantage of the free trade system. This question arises from the cautious attitude we have to deal with. "We have to realize, however, that whether we are ready or not, whether we are able or not, the liberalized trade system has become the world's choice," President Suharto said.

Our cautiousness, however, must not turn into doubt and hesitation; it must become the determination to prepare ourselves to face the challenges and to take advantage of the open opportunities.

President Suharto reiterated the same statement in the ceremony for the presentation of Uparkarti [environmental] 1994 awards, at the State Palace on 14 December, that we must from now on strive for our industries in general—small-scale and the people's handicraft industries in particular—and improve their efficiency and competitiveness. If the nation's products are competitive, there will be a vast market opportunities for them. This is true, especially as it was stipulated in the Bogor Declaration that APEC member countries are to reach a state of liberalized trade in 2020.

For that we have to concentrate on improving the human resources, because the human resources are the determining factor in producing quality and competitive products. The president also reminded us that the cooperation between big and small industries, which has now developed into partnership, should be motivated and further developed.

From this far-sighted outlook, we can foresee that it is natural for us to be cautious, and that this attitude is accompanied by good mental qualities and determinative spirit in facing the global challenges, especially after the year 2002, the time when the free trade system will be enacted in the ASEAN region, and after the year 2020 when liberalized trade and investment in the entire Asia-Pacific region becomes effective.

We have to get rid of pessimism. In this context we have to once again comprehend the principles of the 1993 Broad Outline of State Policies. The principle says, in implementing the national development program, that both the state functionaries and the people should have the high mentality, determination, soul, and spirit of devotion, loyalty, discipline, and the willingness to give priority to the interest of the nation and the people above that of the individual and the small group.

The enhancement of our work ethic and patriotism in development is essential for continuous national development, especially in facing the globalization era. To ensure that idealism is not an empty slogan in development, these aforementioned tenets must be implemented constantly and sustainably.

Only with a strong attitude and solid determination in the realization of the principles of struggle we will be able to face competition as cited above. The globalization era, with its various impacts, has become the way of the world, by its own choice.

Economist Warns Against Protection, Subsidies

*BK1912103994 Jakarta REPUBLIKA in Indonesian
17 Dec 94 p 1*

[FBIS Translated Text] Viewpoints on protection have once again been voiced. Professor Bintoro Cokroamijoyo, chairman of the Asia-Pacific Economic Cooperation [APEC] Executive Board said that protection and subsidies are synonymous with inefficiency and will lead to cost inefficiency [preceding two words in English] to be borne by the people.

Speaking during a serial dialogue on the development of the foreign policy of the Republic of Indonesia organized by the CIDES [expansion unknown] yesterday, Bintoro said inefficiency has put a heavy strain on the Indonesian economy. "As a result, Indonesian products are not competitive in the world market," he said. Our economy must become competitive or, in the real sense of word, efficient and productive.

During the panel discussion under the theme "APEC: The Bogor Declaration and Indonesia's Interests," Bintoro said the trends of global trade and investment liberalization have made made protection and subsidies outdated. "What we are aiming for will be competitive performance [preceding two words in English] through efficiency and productivity," said the special envoy of President Suharto during the APEC meetings last November.

Meanwhile, Sugeng Saryadi, director of P.T. [Company Limited] Kodel, focussed on the readiness of businessmen and the government for free trade. "The government must consistently undertake economic reforms in the form of deregulation, debureaucratization, and the elimination or reduction of protection and subsidies to enhance the efficiency and productivity of the national economy," he said.

The former 1966 student activist said the free market will require a clean and authoritative government. "Productivity and efficiency will be difficult to achieve without such an apparatus," he said. An unclean government apparatus will lead to a high-cost economy, and the Indonesian economy will, in turn, be unable to compete in the international market.

On a separate occasion, Aburizal Bakrie, general chairman of the Indonesian Chamber of Commerce and Industry, said protection is not required prior to trade liberalization. "We must be prepared now although the APEC consensus on trade liberalization will be implemented only in 2020," he said, after disclosing the planned 13th Congress of the Indonesian Engineers Association yesterday.

However, Aburizal added that a thorough technical and economic assessment will have to be made first if an industry really needs protection. "A decision must not be made on a political basis or by taking into account who is behind the industry that asks for protection," he said.

Aburizal, who is also chairman of the Indonesian Engineers Association, said that protection will be normal if various factors indicate that an industry must be protected. He said that the protection rate should not be over 10 percent during a five-year period. "During this period, the protection rate should be reduced to 0 percent," he said.

Former Trade Minister Frans Seda also stressed the importance of setting criteria on the protection of industries. Speaking at the campus of Atmajaya Catholic University in Jakarta yesterday, Frans Seda said the government should set the criteria.

Regarding P.T. Chandra Asri in particular, Frans Seda said: "The government should first set the criteria and subsequently determine whether or not Chandra Asri should be protected." He reminded the government not to allow protection to lead to protectionism and monopolies.

* Trade Minister Profiled as 'Lion of ASEAN'

95SE0032A Jakarta KOMPAS in Indonesian 12 Nov 94
p 12

[Text] While trying to fasten her gold bracelet with one hand, Datin Rafidah Aziz (51 years old) said: "I come, not as a woman who is a cabinet minister, but as the minister of international trade and industry. Indeed, right now I forget that I am a woman."

She said this when she was answering the question: "How did you as a woman with a strong personality feel among male cabinet ministers at the time of the APEC meeting?"

In fact, Rafidah was the only woman cabinet minister among ministers from 18 countries attending the Asia-Pacific Economic Cooperation forum (APEC). Rafidah also displayed a firm attitude and the firm attitude of the Malaysian Government, which opposed the strong desire at the initial meeting for the APEC forum to be more definitely established as an ongoing institution, to include measures providing for trade liberalization in the Asia-Pacific area.

Rafidah again appeared prominently when she rejected any attempt to set a schedule for trade liberalization and investment.

As if they paid no attention to her, both the Eminent Persons Group (EPG) and the Pacific Business Forum (PBF), a group of non-government academics and figures from the business world in the APEC area, had previously proposed setting a schedule for the adoption of trade liberalization and investment policies in the Asia-Pacific area.

The Eminent Persons Group proposed that this liberalization program enter into effect by the year 2020 at the latest. Indeed, the Pacific Business Forum proposed an earlier goal. In the view of the PBF the liberalization program should be implemented by no later than the year 2010. The EPG and the PBF also included two representatives from Malaysia, both of them men.

Rafidah is the Malaysian minister of international trade and industry. She replaced Tengku Razaleigh Hamzah, who resigned from that position on 29 April 1987.

She had previously been one of the principal supporters of Prime Minister Mahathir bin Mohamad in his election campaign. Mahathir's appointment of Rafidah was regarded by some observers as repaying Rafidah for "services rendered." She had helped Mahathir at a critical time in dealing with Razaleigh Hamzah, who opposed him.

The name of Rafidah Aziz has been increasingly seen in the mass media, particularly during the current meeting of APEC economic leaders. It is said that she says anything that she feels like saying. She speaks clearly and briefly and gives the impression of not beating around the bush. This is why Rafidah has been given the nickname of "Lion of ASEAN".

An observer said: "She really has strong views."

The proof? Just follow her statements when she replied to questions from the press when she arrived at Sukarno-Hatta Airport on 10 November.

She said: "No country can control APEC. All decisions must be made on the basis of consensus, because all APEC countries have the same, equal rights."

Malaysian officials who accompanied her and Indonesian officials who met her have been struck dumb, upset by Rafidah's forthrightness in answering questions from journalists who crowded around her.

Speaking clearly and without concern for protocol Rafidah continued: "We do not want a 'time table' to bind the APEC countries. That is not realistic."

Rafidah did not appear nervous when she made that statement. It seems that everything is clear and simple for this woman. In her firmness in answering questions, what appears is the phenomenon of a woman who is not only convinced of her role as a woman but also as a Malaysian. When she was repeatedly asked questions to clarify her statements, she answered calmly. She sat facing dozens of microphones which were thrust near her face. Under strong television camera lights Rafidah continued to display a firm attitude. She answered every question, sometimes gesturing with her thumbs and then crossing them in her lap.

As a cabinet minister who in fact is a real woman, Rafidah has taken the rough with the smooth in performing her duties. She has held her position in the Malaysian cabinet for more than seven years, supported

by her background in education as a teacher in the Faculty of Economics of the University of Malaysia.

Rafidah became a member of Parliament in 1974, and this career later led to her position in the executive branch of the government. She took the position of deputy minister of finance in 1977. Later, in 1980, she became minister of public enterprise before being appointed minister of international trade and industry, which she has held until the present. Together with the position of minister of finance, this portfolio is regarded as a prestigious assignment.

When Rafidah was installed in office as minister of international trade and industry, she repeatedly said that she had not taken that position just to impress on officials of the ministry that she is refined and attractive in appearance. She is convinced that she is in that position because she has the capacity to do the job.

Because of her experience in teaching, which has made Rafidah skillful in answering questions, no matter how critical, there is a good possibility that she will be given other assignments quite different from her present position. This could be felt when a reporter questioned her position as a woman, which he contrasted with the dozens of other APEC ministers who attended the meeting in Jakarta. She replied seriously, but with a little smile: "I hope that there will be no more questions like that the next time."

When she came to Jakarta, she was wearing a long, rather dark-colored dress, like those often worn by Malay women, but she did not forget to wear a necklace, several bracelets, and rings. In any case, she is a woman. She likes decorations, enjoys listening to music, and sometimes plays squash. Just recently, on 4 November, she celebrated her birthday, exactly one week before she began her meetings with other ministers at the APEC forum in Jakarta.

At present Rafidah is among the most experienced and senior ministers in the Malaysian cabinet. She also retains strong influence among senior officials of UMNO (United Malay National Organization), the most influential political party in a country with a population of about 20 million people.

Is it possible that Malaysia will leave APEC? Rafidah Aziz says: "No. We have not discussed the possibility of leaving APEC. This is not a group of young children. APEC discusses the question of cooperation among the countries of Asia and the Pacific to make it possible for mutual understanding to develop between them. I have not thought of that."

East Timor: Two Resistance Leaders Arrested

LD1912133794 Lisbon Radio Renascenca in Portuguese to Europe 1200 GMT 19 Dec 94

[FBIS Translated Text] The arrest in East Timor of Mau Huro, who is one the main leaders of the East Timorese

resistance, has been confirmed. He has been arrested again after having already served a prison term. The confirmation comes from Zacarias Costa of UDT, the East Timorese Democratic Union:

[Begin recording] [Costa] They were arrested one week ago in Dili, they were arrested again and are being accused of organizing the murder of an Intel [Indonesian secret police] agent in (Balide).

[Paulo Rego] Therefore, are Mau Huro and Mau Huro under arrest?

[Costa] Yes, Mau Huro and Mau Huro are under arrest. [end recording]

That was Zacarias Costa talking to Paulo Rego. Two high-ranking resistance leaders have been arrested by the Indonesians and are being accused of murdering an Indonesian secret police agent.

* Mobile Brigade Capability To Be Upgraded

95SE0029A Jakarta KOMPAS in Indonesian 15 Nov 94 p 7

[Text] Jakarta, KOMPAS—To create a professional, effective, efficient, and modern Mobil Brigade, the organization will be developed into a striking force capable of supporting the operational functions of the Indonesian Police Force at the national, provincial, regency, area, and sector levels in dealing with disturbances to public order and security.

General (Police) Banurusman, chief of the Indonesian Police Force, discussed this matter at the celebration of the 49th anniversary of the establishment of the Mobil Brigade at its headquarters in Kelapa Dua, Bogor, on 14 November. Attending the celebration, among other personalities, were Major General (Police) Kusparmono Irsan, deputy chief for operations; Major General (Police) Albert Purwanto Lenggono, police inspector general; Major General (Police) Yusnan H. Usman, assistant chief for plans; Major General (Police) M. Hindarto, chief of police for metropolitan Jakarta; Major General (Marine Corps) Djoko Pramono, commander of the Marine Corps; and Brigadier General Subagyo H.S., commander of the Special Branch.

According to Police Chief Gen Banurusman, to turn the Mobil Brigade into a professional, effective, efficient, and modern force, six special capabilities of the Mobil Brigade must be improved, including intelligence research, dealing with terrorism, explosive ordnance disposal, crowd control, search and rescue (SAR), and the ability to deal with guerrillas.

Organizational administrative action will continue to be taken to carry out improvements in the system and its methods of handling operational development, training, personnel matters, equipment, and base facilities of Mobil Brigade companies.

According to Chief of Police Banurusman, there are indications that disturbances to community security are growing during this era of the globalization of communications. This shows, among other things, that there is an improvement in the operational capability of crime. This can be seen from the extent of the area of operations, the number of criminals involved, the extent of the damage done or the impact made, and the increased complexity of efforts to protect criminals from the reach of the law by using the technology which they employ.

He gave several examples, such as drug abuse, armed robbery, armed criminal groups, organized crime, automobile theft, large-scale disturbances, and a number of cases of high intensity crime. These kinds of crime require vigilance and readiness. The chief of police said: "If they are not successfully prevented and avoided early on, disturbances like these can have a rather broad impact. The public security disturbances mentioned previously are closely related to community order and stability as an element of national stability."

After that he referred to the case of the bomb exploded by junior officers at the Indonesian Armed Forces Academy in 1993. Also displayed was a bomb devised by a Mobil Brigade task force using plastic explosive which can blow a hole through steel. The force of its explosion is more terrifying than TNT and dynamite.

* Efforts To Oust NU Leader Reported

95SE0038B Jakarta SUARA KARYA in Indonesian
15 Nov 94 p 3

[FBIS Translated Text] Semarang (SUARA KARYA)—Leadership of the Muslim Scholars League (NU) by K.H. Abdulrachman Wahid (Gus Dur) is viewed as still unmatched. Gus Dur has made the NU the spearhead of the nation, because he is leading NU members toward bringing about a democratic society and national unity and integrity.

"Therefore, I support Gus Dur for reelection as general chairman of the NU PB [Executive Council] for the next term. I fear that if Gus were ousted, it would be a loss, not only to Gus himself, but to all NU members," Drs. H. Mathori Abdul Djalil, former PPP [Development Unity Party] secretary-general and an NU activist, said Monday, 14 November, in reply to a reporter's question about the NU congress to be held at Cipasung, West Java, in early December.

Mathori acknowledged that as the NU congress approaches, there are people who want to oust Gus Dur or who prefer that he not be in the forefront. They feel that Gus Dur often performs controversial maneuvers that endanger NU members. They view him as deviating from the 1926 Program of Action, such as by his political statements and his visit to Israel.

Responding to these signals, Mathori said he felt that what Gus Dur is doing is because of his desire to monitor politicians in this country. "If Gus Dur talks about

politics, that does not mean he is acting politically. He wants, however, to monitor, criticize, and improve the politics conducted by our politicians, in the sense of questioning whether their political actions are compatible with Indonesia's political culture," said the former candidate for the general chairmanship of the PPP. He explained that violating the 1926 Program of Action means plunging into practical politics, such as becoming head of a party or even a director. Gus Dur clearly is not involved in practical politics, but wants to monitor the political actions taken by politicians, lest they depart from cultural values.

As for Gus Dur's recent visit to Israel, Mathori feels the action shows that Gus Dur is committed to Islamic brotherhood and "fatoniah" brotherhood, in the sense of putting an attitude of unity and integrity above everything else.

Gus Dur feels that the Arabs and Israel are now reconciled and are creating lasting peace in the Middle East. Seeing that, and as an Islamic scholar and leader with many followers in the world, he has a responsibility to support those good intentions in the context of expressing Islamic brotherhood and "fatoniah" brotherhood.

"If even those at enmity now want peace, how can we not support them? Shall we who have a Pancasila [ideology of the Indonesian state] culture always hate Israel?" he asked rhetorically. He added that diplomatic relations between Indonesia and Israel are merely a matter of time.

Mathori said that leaders like Gus Dur are still scarce in Indonesia. It is not easy to lead a great organization like the NU, which, it should be noted, still has many members who think traditionally. In this era of challenge by globalization, there is a need for public leaders who are critical and creative.

"No leader of Gus Dur's caliber has yet been found. Therefore, NU members should thank him, and he should retain the position of chairman of the NU PB for the next term," Mathori said.

* Electricity Project Completion Date Announced

95SE0029A Jakarta KOMPAS in Indonesian 15 Nov 94
p 3

[Text] Jakarta, KOMPAS—Paiton I, a private sector electricity generator now under construction and owned by PT Paiton Energy Company (PEC), with a capacity of 1,230 MW [Megawatts], is scheduled to be completed in 1998. The first phase of the construction of this electricity generator will be completed on 31 March 1998, while the second phase will be completed six months later.

This was stated to the press in Jakarta on 14 November by Hashim Djojohadikusumo, president and director of

PEC, after the signature of an agreement between PEC and four foreign contracting firms to build the electricity generator.

In the agreement the four foreign contracting firms—Mission Energy Company; Mitsui Company, Limited; Fluor Daniel Company; and Toyo Engineering Corporation—are responsible for project planning, procurement, and construction. The value of the contract is \$1.815 billion.

Hashim said: "The contractors are prepared to complete their work on time and are willing to pay a large fine if the project is not completed within the set time."

Hashim added that project planning and procurement have been entrusted to Mission Energy Company, Fluor Daniel Company, and Toyo Engineering Corporation. Actual construction will be carried out by Mitsui Company Limited.

For the construction of the electricity generator project, PEC is investing \$2.3 billion of its own capital. This company is a consortium of companies from three countries: PT Batu Hitam Perkasa, Indonesia, which holds 15 percent of the shares; two Japanese companies, Mitsui and Mission Energy, which own 32.5 percent of the shares, respectively; and General Electric Capital Corporation from the United States, which owns 20 percent of the shares.

According to Hashim, construction of the privately owned, 1,230 MW electricity generator began in September 1994. It is hoped that the company will begin to sell its electricity to the PLN [Indonesian State Electricity Corporation] by the first half of 1998. It is estimated that the Paton project will involve the investment of \$2.3 billion. The fuel it will use is coal. It will be operated on the "build, operate, and own" (BOO) system.

Hashim said that the PEC and the PLN have agreed to sell and buy electricity to and from each other for a period of 30 years. According to information available to KOMPAS, the selling price for electricity from the PEC, which the PLN has agreed to pay, is \$8.54 per kilowatt for the first six years; \$8.54 per kilowatt for the second period of six years; and \$5.54 per kilowatt during the 12th to the 30th year of the contract.

* Mixed Reactions on GSM Cellular Telephones

95SE0029B Jakarta KOMPAS in Indonesian 14 Nov 94
p 3

[Text] Jakarta, KOMPAS—The interest of people in Jakarta in GSM (Global System for Mobile Communications) cellular telephones has turned out to be less than expected. Of a market target of 30,000 GSM telephones estimated by PT Satelindo to be in use by the end of 1994, between 1 September and the middle of November only 10,000 GSM telephones have been sold and only 2,000 have been delivered to their owners.

A survey conducted by KOMPAS last week was not very successful in determining the exact reason why the reception of the cellular telephones was not what was hoped for by PT Satelindo. In this connection, compared with the price of existing, cellular telephones, both those which use the AMPS (Advance Mobile Phone System) standard and Nordic cellular telephones, the GSM telephones are far cheaper. For about Rp 4.0 million you can get a folding model Motorola telephone. When GSM telephones were introduced on the market, it cost about Rp 11 million for an AMPS system.

The reduction in the cost of an analogue, cellular telephone from Rp 11 million rupiahs to something between 4.0 and 6.0 million rupiahs, as reported two months ago, apparently also played a role in making people think again about buying one. Although, in fact, the market price is still not changing much, several shortcomings of the AMPS or Nordic system are making people stop and think.

The AMPS system is already in use in more than 15 cities in Indonesia, as is the Nordic system, which can reach from Jakarta to the Lampung area [South Sumatra]. The GSM system itself is only available in Jakarta, Bogor (using PT Satelindo facilities), Batam, Bintan, and Pekanbaru [central Sumatra] (using PT Telkomsel facilities). There is not yet a service exchange agreement between PT Satelindo and PT Telkomsel. As a result their telephones cannot be used elsewhere. A telephone of this type in Batam cannot be used in Jakarta, and vice versa.

Many 'Blank Spots'

Even in Jakarta, as of mid-November the range of GSM cellular telephones is not satisfactory and does not meet previously published claims. At present several areas in Jakarta are still "blank spots" because the indicator on the cellular telephones shows "no service." You cannot reach the Bekasi and Tangerang areas, which should have been included in the area covered, with GSM telephones, with the exception of Sukarno-Hatta Airport. H.P. Pandjaitan, general manager of cellular planning, has said: "There is also a 'blank spot' between Cengkareng and Jakarta, which will soon be covered by the construction of an antenna tower in the city of Cengkareng."

According to Pandjaitan, there are several areas in Jakarta which are not yet able to receive GSM signals, because towers are under construction or are still to be built. For example, there are the areas of Halim Perdanakusuma, Joglo-Kebon Jeruk, Cinere, Lebakbulus, and Klender/Durenawit. However, on the other hand the GSM system is operating well in Bogor, which has been given priority for the APEC system. Pandjaitan also said: "Within a radius of 3.5 km from Bogor Palace GSM cellular telephones can now be used. Along the road to Jakarta communications are lost only in the Sentul area."

Among other things the delay in expanding the area covered is caused by the difficulty in obtaining space to install antennas for the RBS's (Radio Base Stations). Although these stations only need 15 square meters for their installation, another problem is that some people have hastened to raise the rent on space when they learned that a business firm needed room for an antenna. They have made a lot of money in this way.

Meanwhile, Raymond N. Chatab, the general manager (commercial), has answered people's complaints by saying that for PT Satelindo the GSM marketing system is something which is very new. Therefore, it is only natural that there should be delays in providing service and delivering cellular telephones. He said: "We hoped to deliver 500 telephones per day, but it turned out that we could only deliver 300 telephones."

A number of problems have emerged. The addresses of applicants for service may be unclear. The system of paying the charges is rather complicated if it is not handled through the Export-Import Bank or if several applications stick together. Also delaying service is slowness in obtaining stamps and SIM's [license cards]. Chatab said: "At present out of 10,000 applicants for service who have already paid for it, only 2,000 have obtained their stamps and SIM's."

However, both Pandjaitan and Raymond Chatab are convinced that in the near future Jakarta, Tangerang, and Bekasi will be well-connected in a way that will satisfy subscribers to the service. They also believe that the target of reaching Bandung by March 1995 will be achieved. Pandjaitan said: "We are working with PT Jasa Marga and PT Perumka [two commercial firms] to install the antennas."

Laos

Vice Premier Receives DPRK, French Officials

BK1512122894 Vientiane KPL in English 0905 GMT 15 Dec 94

[FBIS Transcribed Text] Vientiane, December 15 (KPL)—Mr. Khamphoui Keoboulapha, vice prime minister and president of the Committee for Planning and Cooperation received yesterday afternoon Mr. Kong Chin-tae, vice prime minister of the Democratic People's Republic of Korea, at [Office of] the Committee for Planning and Cooperation.

During the cordial meeting, the DPRK vice premier confirmed that they would further expand the cooperation between the two countries and the Korean people's support for the national development of the Lao people. The Lao vice premier stated that he highly valued the growing relations and cooperation between the two countries.

On the same day afternoon, the Lao vice premier also received Mr. Gerard Chesnel, ambassador extraordinary and plenipotentiary of the Republic of France.

During their discussions, held in a friendly atmosphere, Mr. Khamphoui Keoboulapha affirmed the high value of the relations and cooperation between Laos and France in different areas, in particular economic fields in which France is in a position to draw European investors to invest in Laos. He also hailed the French-funded highland project on the Boloven Plateau, which is an experimental project seeking to upgrade the quality of coffee planted in the area in order to meet international standards.

The ambassador presented his credentials to the Lao president on November 9, 1994.

Battalion 456 Claims Downing Over 110 Aircraft

BK1712154294 Vientiane Vitthayou Hengsat Radio Network in Lao 0430 GMT 15 Dec 94

[Feature: "Heroic Deeds of Anti-Aircraft Battalion 456"]

[FBIS Translated Excerpt] [Passage omitted] After the 1962 Geneva Agreement on Laos was completely torn apart, the neocolonialist imperialists stepped up their special war against us. In addition to the offensive launched by the Vang Pao rightist force against our liberated area, beginning from 17 May 1964, the air force of the neocolonialist imperialists opened a series of blatant air strikes against the liberated zone of the Lao Patriotic Front. All kinds of aircraft were used to drop bombs to massacre innocent people. As a result, they added more fuel to the burning flame of the Lao people's indignation and caused the latter's resistance to spread extensively.

As the enemy air attacks were escalating, the enemy considered Viansai District their special target for destruction because it was the stronghold of the Lao Patriotic Front. Their aircraft flew hundreds of sorties daily to bombard the area. Viansai was sunk in darkness and ghastly ruins.

Due to the increasing severity of the war, our air defense units were forced to improve their combat efficiency. In so doing, air defense companies Nos. 26, 27, 28, and 29 were merged together to form the anti-aircraft battalion on 2 May (?1965) to defend Viansai Canton under the command of Comrade (Khamchan). Comrade (Sao) was in charge of political affairs. Comrade (Khamkeo) was in charge of [words indistinct]. The new battalion was supervised by the Artillery Division of the Supreme Command Headquarters. After its formal establishment, the battalion was assigned to defend the locations of the Lao Patriotic Front leaders. It also was active in mobilizing a sense of patriotism among the people so they would be willing to send their children to serve in the armed forces. [passage omitted]

On 4, 5, and 6 June 1965, the neocolonialists again started sending all kinds of aircraft to bombard Viansai. Enemy planes bombarded the area for three days and nights. There was not even one minute when the roaring

sounds of aircraft engine was not heard. The explosion was frighteningly loud. They did not only want to wipe out the revolutionary force, but they also wanted to destroy the beautiful mountainous scenery in the area. Those who witnessed the air strikes did not think anyone could survive. However, cadres and combatants of the battalion, with their strong sense of patriotism, not only survived but also managed to fight bravely during that period of three days and nights. [passage omitted]

Our cadres and combatants shot down 12 enemy planes in the attempt to save Viangsay. This is the story of Antiaircraft Battalion 456. Throughout the battle, they engaged in total of 527 major and minor combats. More than 150 battles were regarded as gruesome and more than 110 enemy aircraft were shot down.

In recognition of such victories, the battalion was awarded with 12 Itsala Victory Medals, 2 Heroism Medals, one Heroism Flag, and one Brilliant Tradition Flag. Although time has passed more than 20 years, the said victories have become brilliant traditions for our cadres and combatants to follow. These achievements have been engraved in the golden book of the history of the Lao nation.

Philippines

IMF Grants Request for Higher Growth Target

BK1912115094 Manila BUSINESS WORLD in English
16 Dec 94 pp 1, 6

[Report by Sheila A. Samonte]

[FBIS Transcribed Text] The International Monetary Fund (IMF) has granted government's request to gun for a higher growth target and, subsequently, to ease monetary targets under the 1995 program. Bangko Sentral [Central Bank] Governor Gabriel C. Singson made the announcement during yesterday's "Roundtable sa [in] Pavilion." Mr. Singson did not, however, quantify by how much the targets will be eased. Government is currently holding policy meetings with the IMF mission headed by East Asia and Pacific Regional Director Kunio Saito.

A growth rate of between 6 percent and 6.5 percent and an average inflation rate of 6.5 percent for the full year of 1995 had earlier been agreed at the technical level.

Under the 1994 IMF program, the ceiling imposed on the growth of base money has been set at 13.3 percent, which should only increase by 3.1 percent per month, based on a conservative growth of 3.5 percent of GNP. Government is asking for an easing up of the base money to 16 percent on a higher GNP assumption of between 6 and 6.5 percent in 1995. (Base money, which is considered an accurate indicator of gauging whether the GNP can still contain inflation, is determined by summing up the reserve money and the reserve eligible for government securities.)

Only Factor Stalling Review Completion

Mr. Singson singled out the monetary targets under the 1994 program as the only factor stalling the completion of the review which covers the country's economic performance during the first and second semester this year. "This is one thing we still have to discuss," he said.

He said the IMF review team wanted to wait for the result of the end-December test period for money supply before submitting its report to the IMF Poard in March. Sources said the base money target for the test period is P189 billion [Philippine pesos]. Monetary authorities' confidence of meeting the target is bolstered by the early-November test period results, which showed base money staying within the allowable limit of P155 billion.

Concrete Evidence

In an earlier interview, Finance Secretary Roberto F. de Ocampo said the IMF "still needs concrete evidence (to warrant a relaxation). They have been asking us why, why, why."

Still, Mr. Singson expressed optimism government will meet the IMF's final deadline in finalizing the review in March. "We don't know if these things (the final figures in the monetary program) can be completed. We are very confident we can meet the deadline. Even if we don't reach an agreement in today's discussion, we can meet the deadline in March," he said. Mr. Saito is scheduled to leave for Washington today.

Bankers' projections on the behavior of interest and exchange rates depend on the outcome of the IMF review.

"We are closely watching the developments," said Rafael B. Buenaventura, president of the Bankers Association of the Philippines and concurrent PCI [Philippines Commercial International] Bank president and chief executive officer. Far East Bank and Trust Co. President Octavio V. Espiritu said a relaxation of monetary ceilings next year will pave the way for lower interest rates and inflation rates.

Edwin Villanueva, vice president of the Financial Executives Institute of the Philippines (Finex), said in a recent forum any further development in the stock market towards the end of the year is also hinged on market sentiments on liquidity.

Economists said relaxing liquidity will give the Bangko Sentral the elbow room to send clear signals of its intervention in the foreign exchange market without worrying too much on inflation. "Restrictive targets for monetary aggregates are misplaced in a setting where trade, foreign exchange, and investment rules have been liberalized, and where the economy is growing," Negros Oriental Rep. Margarito B. Teves earlier said in a forum.

Government Registers Surplus of P21.8 Billion

BK1912065994 Manila BUSINESS WORLD in English
15 Dec 94 pp 1, 10

[Report by Micheline R. Millar]

[FBIS Transcribed Text] The National Government [NG] registered a record surplus of P [pesos] 21.8 billion as of 15 November based on data furnished BUSINESS WORLD by the Finance Policy and Planning Office (FPPO). The NG programmed a P7.82-billion deficit for the same period.

The FPPO data showed government held back on spending for infrastructure and public services. For the review period, expenditures totalled P269.14 billion, 3.5 less than the programmed expenditure of P279.07 billion.

Actual revenues generated from January to 15 November totalled P290.94 billion, an improvement from the programmed collection of P271.25 billion.

In yesterday's symposium on sustained growth at the Shangri-la EDSA Plaza Hotel, Ofelia Templo, director of the national planning and policy staff, National Economic and Development Authority (NEDA), said the NG surplus should be a cause for optimism since this is the first year government has posted a healthy fiscal position. Last September, the surplus stood at P8.9 billion, eventually increasing to P14.6 billion last October.

Even the public sector registered a P5.21 billion surplus in the first 10 months of the year.

The symposium was hosted by the UP [University of the Philippines] School of Economics and the Institute of Developing Economies, a semi-governmental institution under the auspices of the Japanese Ministry of International Trade and Investment [as published].

Ms. Templo cited the over performance of government's revenue collection efforts, specifically its privatization program. There is also the reduced interest payments on loan obligations due to the drop in interest rates and the 29 increase in money supply as of the third quarter.

She said another factor which eased pressure on public revenues is the increasing role of the private sector in public infrastructure projects through the build-operate-transfer scheme. Of the 85 flagship projects worth P220 billion under the Core Public Investment Program (CPIP), 60 percent as of September are initiated by the private sector.

Skeptics such as former Budget Undersecretary Benjamin Diokno were unimpressed by the figures.

"I doubt the sustainability of the NG surplus, which, I believe, is caused by government's skimping on essential public services and its inability to move projects," Mr. Diokno said during the same symposium.

He added the acceleration of the tax effort through the Aquino Administration's 1986 tax reform program has leveled off due to continuous tax evasion and forgone revenues as Congress reduced the tax base with incentives and exemptions.

He said government expenditure as a percentage of the gross national product has been decelerating over the years and government capital formation is slowing down. He said this is worrisome since other countries are expected to increase expenditure for physical infrastructure, human capital, and resource mobilization when the World Trade Organization (WTO) takes from the General Agreement on Tariffs and Trade (GATT) starting 1 January 1995.

"The situation is complex, a combination of wrong prioritization, poor expenditures, and lack of coordination between the Executive and the Legislative," Mr. Diokno said.

He noted that expenditure for social services has been at the bottom of the list of priorities in the past years, adding that economic services has been steadily declining over the years.

In response to Mr. Diokno's argument, Rep. [Representative] Margarito Teves told BUSINESS WORLD Congress can only work within a certain parameters in dealing with the national budget.

"Our role is to make sure that whatever available limited resources are efficiently allocated among competing claims by different agencies," Mr. Teves said.

He added the Legislative does not dictate how much of the budget goes to the two houses of Congress. "The system is more of a struggle and interaction between the Executive and Legislature," Mr. Teves said.

Communists Announce Christmas Cease-Fire

BK1912045094 Manila PHILIPPINE DAILY INQUIRER in English 15 Dec 94 p 3

[Report by Juliet M. Labog]

[FBIS Transcribed Text] The New People's Army [NPA] will also observe a Christmas ceasefire to give the people, including soldiers, peace of mind during the holidays, exiled communist leader Jose Maria Sison said yesterday [14 December].

But Sison, founding chair of the Communist Party of the Philippines [CPP], said the ceasefire will be shorter compared to government's declaration of a 24-day truce.

Sison said the National Democratic Front [NDF] has recommended to the CPP to implement a ceasefire as "traditionally done" during the holiday season. He said communist rebels have held their fire "for several years" during the Christmas holidays even without announcements.

The NDF is the umbrella organization of the underground Left, to which the CPP and NPA belong.

"The announcement will come from the (CPP) in the Philippines and it is forthcoming," Sison told the INQUIRER by telephone from his base in Utrecht, the Netherlands.

Sison declined to say how long the CPP/NPA/NDF ceasefire will be. Another NDF source, however, pointed out that the "usual" duration is from midnight of 30 December to midnight of 1 January.

President Ramos has declared what is touted as the longest "suspension of military operations" (Somos) by government. It begins on 16 December, start of the traditional "misa de gallo [early morning mass], and ends on 8 January, feast of the Epiphany.

But Sison branded the government's "somos" a fake.

"There is falsity in this (government) prolonged ceasefire. The military will only use that to encroach into the territories of the CPP/NPA/NDF," Sison said.

He claimed that the CPP/NPA/NDF's truce will be "more meaningful" than government's "qualified" ceasefire.

We will have this ceasefire to help people, even those in government, celebrate without fear," Sison said. "Soldiers will be able to celebrate Christmas and New Year without mistaking the sound of firecrackers with the sound of guns."

"People will be more relaxed although the revolutionary forces will remain vigilant," he added.

The ceasefire, although unilaterally decided by each side, provides a welcome news following the collapse last October of the two-year-old preliminary talks between the government and the NDF.

Thailand

Wimon Blames Khmer Rouge for Loggers' Deaths

BK1712150194 Bangkok Thai Color Television
Channel 9 in Thai 1200 GMT 17 Dec 94

[FBIS Translated Text] The Army commander believes that the Khmer Rouge was probably responsible for the massacre of the Thai loggers of BLP Company, which owns logging concessions in Cambodia. Army Commander General Wimon Wongwanit said that there was evidence to prove that the Khmer Rouge was responsible for the death of the Thai loggers. He has instructed authorities to investigate the incident. It is the government's duty to consider retaliatory measures.

[Begin Wimon recording] We are investigating the incident. We have to continue to close the An Ma border pass. The Cambodians want to reopen the border pass. But, I think that we should not reopen it. [end recording]

Meanwhile, Deputy Interior Minister Suthat Ngoenmun said that we should continue to close the Am Ma border pass for the safety of the villagers along the border. The pass is used for transporting timber from Cambodia to Thailand, not used by Thais and Cambodians for border trade.

Officials Alarmed at Burmese Border Fighting

BK1712121094 Bangkok THE NATION in English
17 Dec 94 p A5

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] The Burmese army yesterday captured the headquarters of dissident students on the Salween River and continued its mortar attack on the Karen headquarters further down stream.

The lightning Burmese offensive by troops of the State Law and Order Restoration Council (Slorc) and the fall of Daunggin took the students and the ethnic Karen National Union (KNU) guerrillas by surprise, causing hundreds of students to seek refuge across the river in Thailand. The capture of Daunggin has severed one of the two supply lines to the Karen headquarters of Manerplaw on the Moei River, which is also accessible by the Salween River.

Thai officials expressed alarm at the Burmese offensive, the first in nearly three years since the Burmese junta announced a unilateral ceasefire against armed ethnic groups in April 1992. Troops have been deployed along the border to prevent a military spillover and territorial violations. Authorities are also worried that the offensive will drive a new wave of refugees into the Kingdom.

Informed border sources said mortar shelling of several Karen border camps continued yesterday after the fall of Daunggin, with the prime target the KNU headquarters at Manerplaw, 50 kilometres south of Daunggin on the Moei River.

Shells were also reported falling on Kawmura, the Karen special 101th military base on the Moei River opposite Thailand's Mae Sot district, and Naw Hta, another Karen base which is about 50 kms south of Manerplaw.

Sources said that about 700 lightly-armed students of the All Burma Students' Democratic Front were stunned and unprepared by the ground attack by two Burmese battalions which started early this week. The Burmese forces in the area were supported by three or four local battalions.

The students scattered in the jungle after the fall of their camp but many managed to cross the river into Thailand. They were disarmed on arrival and will be allowed to remain here on a temporary basis. They must return to Burma when the situation permits, Thai officials said.

The Burmese army sent in heavy weapons and deployed more troops early this month around Htee Par Wee Cho, or Sleeping Dog Mountain, where it confronted Karen forces and seized several frontline outposts after the KNU withdrew its fighters to settle an internal religious conflict with a group of Karen mutineers.

"The frontline around Daunggin was weakened after the Karen withdrawal and the Burmese army must have capitalized on the situation to launch an offensive

against the students who possess only small and light arms," said one Thai authority who has been monitoring the border situation.

"We (Thailand) don't know why the Slorc decided to launch an operation now, but the most important thing is to monitor if it (Slorc) will continue its offensive to attack Manerplaw or will halt the fighting after the fall of Daunggin," he said.

While some Thai authorities believed that the operations were staged to force the Karen group to begin peace talks with Rangoon, others believed that the offensive dispelled any hope of the two sides meeting to end the long war which was lasted for four decades.

Border security officers said they could not predict if the Karen headquarters would fall, but one official said capturing Manerplaw would cost the Burmese army "very dearly".

Royal Announcement Appoints Cabinet Ministers

BK1812082994 Bangkok Radio Thailand Network in Thai 0530 GMT 18 Dec 94

[FBIS Translated Text] Announcement on the appointment of cabinet ministers.

Royal signature: Phumiphon Adunyadet, Rex

His Majesty the King, Phumiphon Adunyadet, has graciously commanded it be announced that per his appointment of Chuan Likphai as prime minister in accordance with the announcement dated 23 September 1992, the appointment of cabinet ministers to administer the country in accordance with the announcement dated 29 September 1992, and the removal of cabinet ministers in accordance with the announcement dated 11 December 1994, the prime minister has informed him that since several ministers have resigned, it is appropriate to appoint ministers to fill the vacancies for the continuation of national administration. Empowered by Article 159 of the Constitution of the Kingdom of Thailand, His Majesty the King has approved the following appointments of cabinet ministers:

General Athit Kamlang-ek as deputy prime minister,
Kon Thappharangsi as minister attached to the Prime Minister's Office,
Pancha Kesonthong as minister attached to the Prime Minister's Office,
Annuai Patise as deputy finance minister,
Chawarat Chanwirakun as deputy finance minister,
Prachuap Chaiyasan as agriculture and cooperatives minister,
Churin Laksanawisit as deputy agriculture and cooperatives minister,
Second Lieutenant Praphat Limpaphan as deputy agriculture and cooperatives minister,
Det Bunlong as deputy communications minister,
Kopsak Saphawasu as deputy commerce minister,

Major General Sanan Khachonprasat as interior minister,

Phairot Losunthon as deputy interior minister,

Somphong Amonwiwat as labor and social welfare minister,

Yut Angkinan as deputy labor and social welfare minister,

Suwat Lipataphanlop as science, technology and environment minister,

Kamchai Ruangchanaset as deputy education minister,

Trairong Suwannakhiri as industry minister,

Prathuang Khamprakop as deputy industry minister.

This announcement is effective immediately. Announced on 17 December 1994, being the 49th year under the reign of the present king.

Countersigned by Chuan Likphai, prime minister

Problems Within Party Coalitions Examined

BK1812105094 Bangkok THE SUNDAY NATION in English 18 Dec 94 p B7

[Article by Prakopphong Panaphon: "Chuan's Patc.-work Coalition"]

[FBIS Transcribed Text] Although a pragmatic Premier Chuan Likphai last week averted the most serious threat so far to his two-year-old administration—booting out his recalcitrant New Aspiration Party allies and replacing them with the Chat Phatthana Party—the future is by no means assured for his fragile five-party coalition.

On the surface, Chuan's decision to invite Chat Phatthana to join the coalition would seem to strengthen his government's stability.

However, there are already signs of conflict among different interest groups within the major coalition parties—the Democrats, Chat Phatthana and Phalang Tham [PDP].

A contentious point that has not yet been tackled by the Chat Phatthana hierarchy is the ill feeling caused by its decision to join the coalition despite previously signing a pact with other opposition parties vowing never to do so.

Its leaders have already been subjected to some harsh criticism from Chat Thai Party leader Banhan Sinlapachacha and secretary general Sano Thianthong.

The new coalition comprises 201 MPs—79 from the Democrat Party, 60 from Chat Phatthana, 46 from Phalang Tham, eight from Solidarity and another eight from the tiny Seritham Party.

Chat Phatthana has been offered 14 Cabinet portfolios: a deputy prime ministerial post; the labour, agriculture and science ministries, two ministerial posts in the PM's [Prime Minister's] Office; and eight deputy ministerial posts.

Six Chat Phatthana MPs from northeastern constituencies have been elevated to Cabinet posts, including Deputy Prime Minister Athit Kamlang-ek (Loei), PM's Office Minister Kon Thappharangsi (Nakhon Ratchasima), Science and Technology Minister Suwat Lipataphanlop (Nakhon Ratchasima), Agriculture Minister Prachuap Chaiyasan (Udon Thani), Deputy Commerce Minister Kopsak Saphawasu (Nakhon Ratchasima) and Deputy Education Minister Kamchai Ruangkananaset (Surin).

Interestingly enough, a total of three Nakhon Ratchasima MPs from the party got Cabinet posts.

Four northern Chat Phatthana MPs got Cabinet portfolios: PM's Office Minister Pancha Kesonthong (Phetchabun), Deputy Agriculture Minister Praphat Limpaphan (Sukhothai), Labour Minister Somphong Amonwiwat (Chiang Mai) and Deputy Interior Minister Phairot Losunthon (Lampang).

Another three Chat Phatthana MPs from the Central Plains were given Cabinet posts. They are Deputy Labour Minister Yut Angkinan (Phetchaburi), Deputy Industry Minister Prathuang Khamprakop (Nakhon Sawan) and Deputy Communications Minister Det Bunlong (Nakhon Nayok).

Chat Phatthana has eight MPs representing constituencies in the eastern region, but none of them managed to score a much-sought-after Cabinet post despite the fact that MPs like Saman Uttamot (Prachin Buri) and Prawat Uttamot (Chanthaburi) are considered to be well qualified for the job.

It is still unclear why these men were passed over and quite likely that they will find some way to vent their dissatisfaction.

Two Chat Phatthana MPs from Chon Buri, Sonthaya and Withaya Khunplum—sons of "influential" tycoon Somchai Khunplum—were also passed over and may very well decide to defect to another political party at some stage in the future.

Chat Phatthana members who could be expected to create trouble for the coalition include leader Chatchai Chunhawan (who did not take a Cabinet portfolio), Buntheng Thongsawat (Lampang), Pramuan Saphawasu (Ayutthaya), Thawin Roek-rai (Kamphaeng Phet), Suchon Chomphunot (Phitsanulok) and Surat Osathanukhro, one of the party's founders.

Gen Chatchai, a former prime minister and ex-leader of the Chat Thai Party, is known as a slippery customer—a consummate politician who has become somewhat of a political guru for younger MPs.

His son, Kraisaak is less of a public figure, but Chatchai is known to rely on him heavily for advice and political analysis.

The relationship between Chat Phatthana and the Democrats will not be an easy one. Leaders Chatchai and

Chuan can be expected to continue their battle of wits in the ongoing competition for the political upper hand.

Prior to this reshuffle, former agriculture minister Nipphon Phromphan (Democrat-Nakhon Ratchasima) was the only MP from the Northeast to head a government ministry.

This time around there are four deputy ministers from Isan [northeast] but no full ministers:

Deputy Interior Minister Suthat Ngoenmun, Deputy Public Health Minister Tuanchai Nu-upala, Deputy Industry Minister Phonthep Techaphaibun and Deputy Finance Minister Amnuai Patise.

Democrat MPs from the Northeast cannot be very happy that their colleagues from the South managed to pick up yet another ministerial portfolio to add to the two they held before the reshuffle.

Southern Democrat MPs had planned to nominate Akhom Engchuan (Krabi) for the deputy finance minister post as an alternative to Amnuai Patise, even though they were fully aware that this post was reserved for a nonheastern MP.

As it happens, the southerners' plan was thwarted by senior party leaders.

Naturally this upset southern Democrats who retaliated by abstaining when it came time for Democrat MPs to choose a candidate for the post.

Apart from the potential for rifts apparent in these two major parties the 23 "rebel" MPs from Phalang Tham have come out publicly against the inclusion of Chat Phatthana in the coalition.

This group comprises MPs who lost their Cabinet seats in a reshuffle after losing out in a power struggle with the PDP's "temple" faction. The group includes such heavyweights as former PDP leader Bunchu Rotchanasathian, former deputy leader Prasong Sunsiri and former secretary general Winai Somphong.

These MPs are still bitter about the manner in which they were ousted from positions of power within the party and have strongly objected to Chat Phatthana's inclusion claiming that voters oppose the move.

They have threatened to ignore any party resolutions that go against their principles or points of view.

This was the group which urged PM Chuan to dissolve the House and call fresh elections once the Constitution Amendment Bill had been approved by the House.

It is hardly surprising that the PDP rebels have been so vociferous in their opposition to Chat Phatthana—there is no love lost between key rebel Prasong Sunsiri and Gen Chatchai.

During the period when Chatchai was prime minister (1988-91), Prasong attacked Chatchai's administration in numerous newspaper articles.

When Prasong was later elevated to the Cabinet, he was the subject of a no-confidence debate in the House during which several Chat Phatthana MPs poured scorn on his ability to head the Foreign Ministry.

Although the latest Chuan coalition enjoys a comfortable majority in the 360-seat House of Representatives, unresolved grievances and factionalism within the three largest parties are sure to keep Democrat secretary-general Sanan busy maintaining an outward show of unity.

With a majority in the Lower House of only 41 MPs (Parliament President Marut Bunnak, a Democrat does not vote), a sizeable revolt by party factions will stymie any chances Chuan has of serving out his statutory four-year term in office.

New Finance Ministry Division Established

*BK1912061894 Bangkok BANGKOK POST in English
19 Dec 94 p 21*

[FBIS Transcribed Text] The Finance Ministry has set up a new division to cope with rapidly changing international trade conditions, according to the director-general of the Fiscal Policy Office.

Somchai Ruchuphan said the Division of Economic and International Tariffs has been established in order to strengthen the country's ability to compete in the world market. Dr Somchai said the Finance Ministry is a key player in international trade, responsible for tariffs, but it faces constraints due to limited staff.

The new division will therefore look after international trade related to the General Agreement on Tariffs and Trade, the ASEAN Free Trade Area, the Asia-Pacific Economic Cooperation group, and other emerging trade blocs.

He said the Ministry of Finance has sought permission from the Office of the Civil Service Commission [OCSC]. The OCSC has agreed in principle to set up the new department, but it has not agreed to employ additional staff, as it is trying to freeze the number of officials.

If certain departments want increase their staff, the OCSC will suggest that the department relocate its staff.

Dr Somchai said the OCSC suggestion is not viable because the Fiscal Policy office has only 200 staff, and each division faces staff shortages. He said the Ministry of Finance has proposed setting up three divisions, on statistics, fiscal policy and non-formal finance, under the Fiscal Policy Office.

Wimon Seeks Overhaul of Anticommunist Agency

*BK1712120694 Bangkok THE NATION in English
17 Dec 94 p A4*

[FBIS Transcribed Text] The Army's anti-communist agency, the Internal Security Operations Command

(ISOC), could soon be overhauled to make it more relevant to the current political situation. Army Commander-in-Chief Gen Wimon Wongwanit said yesterday the tasks of ISOC could be reviewed and staff numbers reduced to improve the agency's efficiency.

In his address to ISOC employees to mark the agency's 29th anniversary, Wimon said the unit had many achievements, especially in preventing the country being transformed into a communist regime. The ISOC was set up by the Army in 1965, when communists had a dominant role in the country. Wimon said many people believed it was now unnecessary for the country to maintain the ISOC since communists no longer existed in the Kingdom. However, the Army chief said the agency was still necessary as nobody knew when communism would be completely removed from the world.

"Although communists no longer exist in the country, we (ISOC officers) should not be careless in the face of unexpected events. You must always be alert to every movement in the world. Every ISOC employee should start thinking about further self-development or the agency may collapse," he said.

Vietnam

PRC Peace, Disarmament Federation Group Visits

*BK1712150694 Hanoi VNA in English 1412 GMT
17 Dec 94*

[FBIS Transcribed Text] A delegation of the Peace and Disarmament Federation of China led by its General Secretary Chan Chifeng has paid a week-long visit to Vietnam from 12 December at the invitation of the Vietnam Committee for Peace.

The delegation paid a floral tribute to President Ho Chi Minh at his mausoleum. The Chinese guests had working session with the host committee headed by its Vice President Pham Van Chuong. The two sides informed each other of their activities and compared notes on the strengthening of the relationship between the two organizations. They noted with pleasure that their friendly and cooperative ties have seen progress in different fields in the interest of each side and for peace and development in the region.

On 15 December, the delegation was received by State Vice President Nguyen Thi Binh, who described delegation's visit as a manifestation of the Chinese people's goodwill together with the Vietnamese people work for the interest of peace, stability, and cooperation in the region. Mrs. Binh also informed the Chinese guests of the situation of socioeconomic development and national construction of Vietnam.

During its visit, the Chinese delegation also had meetings with Mr. Hong Ha, secretary of the party Central Committee and head of its External Relations Commission and senior officials of the Union of Friendship

Organizations, called at the Peace Committees of Ho Chi Minh City and Hai Phong, and toured a number of economic and cultural establishments in Hanoi and the above-said cities.

Cuban National Day Marked, Friendship Hailed

*BK1912134394 Hanoi Voice of Vietnam in English
1000 GMT 19 Dec 94*

[FBIS Transcribed Text] A meeting was held in Hanoi on Sunday, 18 December, by the Vietnam-Cuba Friendship Association to welcome the 35th national day of Cuba January 3 and to respond to the campaign in support of Cuba. Cuban Ambassador to Vietnam Ms. Tania Maceira Delgado attended the event. Mrs. Truong My Hoa, party Central Committee secretary and president of the Vietnam Women's Union, told the meeting Vietnam has unswervingly supported Cuba. She expressed her belief in the success of the party, state, and people of Cuba, while Cuban Ambassador Delgado expressed Cuba's gratitude to Vietnam for her assistance.

Government Convenes 'Year-End Session' 16-17 Dec

*BK1912124894 Hanoi VNA in English 1238 GMT
19 Dec 94*

[FBIS Transcribed Text] Hanoi VNA Dec. 19—The government convened here on Dec. 16 and 17 its year-end session to review the implementation of the 1994 plan and approve directions and schemes for 1995.

The two-day meeting, which ended Saturday [17 December], was chaired by Prime Minister Vo Van Kiet.

The meeting heard reports on the planned allocation of state budget for capital construction for 1995 presented by Minister and Head of the State Planning Committee Do Quoc Sam, the state budget-allocation plan for 1995 by Minister of Finance Ho Te, and the Cabinet's 1995 working programme by Minister and Director of the Government's Office Le Xuan Trinh.

Under the 1995 plans which were discussed and unanimously agreed upon at the meeting, priority is to be given to the development of the socio-economic infrastructure and key projects. The education and training, public health, and other social cultural and services shall be enjoying bigger the state budget.

A number of recommendations were made to best mobilize home and foreign investment capital for the national economic development.

After reviewing the implementation of the 1994 plan which has successfully helped maintain the political stability along the socialist line, the session endorsed the government's planned programme for 1995. The programme focusses on the continued reform of financial and monetary work management of various forms of business, speeding up the planning work, the external

relations and external economic activities and the control of social and cultural activities, etc national defence and social security, and reform of state administration are also included in the program.

Addressing the closing meeting, Prime Minister Vo Van Kiet emphasised on the responsibilities of agencies of different levels in fulfilling the programme.

He called on agencies and local authorities to restructure their organs and work, and restore security and social order so as to effectively carry out tasks worked out in service of national construction and [word indistinct].

Earlier, Deputy P.M Phan Van Khai presented a report on things to be done immediately in order to have the planned programme executed right at the beginning of 1995.

1994 Foreign Relations Activities Reviewed

BK1612162194 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 15 Dec 94

[Essay by Duong Quang]

[FBIS Translated Text] As the fatherland has grown, our tireless diplomatic wings have stretched in all directions. The countless, fine memories of the friendship activities on the diplomatic front over the last 365 days are still fresh in our minds. They include the official friendly visit to Malaysia by Do Muoi, general secretary of the Vietnam Communist Party; visits to Indonesia and Iran by State President Le Duc Anh; visits to China and India by National Assembly Chairman Nong Duc Manh; visits to Cambodia, Russia, Ukraine, Kazakhstan, Burma, Singapore, and Malaysia by Prime Minister Vo Van Kiet; visits to South Africa and other African states by Vice State President Nguyen Thi Binh; and visits to countries in Northeast Asia, ASEAN, South Asia, Northwest Europe, East Europe, the South Pacific, North America and Latin America by Deputy Prime Minister Phan Van Khai, Tran Duc Luong, Nguyen Khanh, and Foreign Minister Nguyen Manh Cam; and so forth.

Each visit had unique aspects and specific significance, but they all achieved a similar result, that is, movement toward a higher level of friendship, mutual understanding, and multifaceted cooperative relations between us and our friends the world over, for the causes of peace, sovereign independence, and social advancement.

The visit to Malaysia by General Secretary Do Muoi was considered a historic event, because it was one of the first official visits by one of our top leaders to ASEAN countries against the background of fundamental changes taken place in the region. The trends of peace, stability, and cooperation are prevailing over all kinds of differences. As a result, the 27th annual conference of ASEAN member countries held in Bangkok in late July 1994 affirmed that the admittance of Vietnam to

ASEAN is now only a matter of time and not a matter of principle or policy, and that ASEAN wished Vietnam to become an ASEAN member as soon as possible.

During the visits to the Russian Federation, the SNG [CIS] states, and the East European countries, we all affirmed our unswerving sentiments to the peoples of the region, who have been closely attached to Vietnam for a long time. With North and South Asia, West and North Europe, and the South Pacific, we pushed forward potential and effective cooperative relations. With North and South America, and South Africa, we expressed our sincere wish to expand mutually beneficial cooperative relations.

Our joy has multiplied with the visits of our friends from the world over, who came to witness the important achievements of our renovation process and support us in further development. The enormous number of visits in 1994 by five country leaders, four parliamentary chairmen, and ten prime ministers—from China, Laos, Cambodia, the Philippines, Thailand, Singapore, India, Japan, South Korea, Mali, Slovakia, Sweden, Canada, and Australia—together with over one hundred political and social personalities at ministerial level from all continents; and also the announcement by President Clinton of the United States on 3 February 1994 of the decision to lift the trade embargo on Vietnam have successfully proved the development of Vietnam's friendly relations with friends the world over. They also showed the new, high level of status and prestige that Vietnam now enjoys in the world community, which is no small matter of pride for us.

Jiang Zemin, Communist Party of China secretary general and People's Republic of China president said: This is my first visit to Vietnam and during my stay I found that your country is beautiful, the economy is developing impressively, the people are living happily, and the society is prosperous and energetic, thus proving a Vietnamese proverb saying that seeing is a hundred times better than hearing. From the bottom of our hearts, we are very happy to see your achievements, and we sincerely wish you will advance strongly on the victorious path.

Japanese Prime Minister Murayama said: On the way from the airport and on the way to the sites of official activities, I was touched to see Vietnamese people bathed in sweat while working for national construction, with their eyes shining brightly. I heard that the serial Oshin is being shown on television in your country and was heartily welcomed. To me and my generation in Japan, the serial Oshin is a reminder of the period of hardship when we struggled for national construction. I can say that the Japanese people of the Oshin generation laid the foundation for the restoration and development of the Japanese economy after the war.

While your country is changing to the market mechanism and broadening friendship relations under the direction of the national renovation with all countries;

the Southeast Asian region, including your country, is also entering a new period. We realize that your national development is not only important to your country but that it also plays a very important role in Southeast Asia, the Asia-Pacific region, and the whole world. Stemming from this understanding, I would like to confirm once again that Japan supports your renovation policy do its best to contribute to your undertaking.

Canadian Prime Minister Jean Chretien said: The policy of Canada is that it not only conducts business with big countries but also strengthens relations and provides assistance to developing countries like Vietnam. Therefore, I decided to visit Vietnam, and I am honored to be the first Canadian prime minister and first national leader of North America to come here.

In all fine statements on Vietnam made by our friends all over the world, the role of the Communist Party of Vietnam—which leads the undertaking of the Vietnamese people—is highly valued. Indian Prime Minister Narasimha Rao said: Vietnam's economy is improving rapidly in the background of stable politics and orderly social development. This reflects the firm and correct line of the Vietnamese leaders and the devotion and discipline of the Vietnamese people. Thai Prime Minister Chuan Likhai said: I would like to sincerely congratulate the Vietnamese Government for its success in maintaining a high annual economic development rate. This achievement proves the intelligence, skill, and determination of the Vietnamese leaders in restoring their economy.

The Paris conference for international donors to Vietnam was held in mid-November. While deciding to provide a loan of \$2 billion to Vietnam in 1994-1995 after having granted a \$1.8-billion loan to Vietnam in the previous financial year, the conference confirmed that the international community strongly believes in Vietnam's efforts to build its market economy, that Vietnam is on the right track, that it is achieving good results, and that Vietnam has really proved that it is able to create real achievements.

Malian Prime Minister Keita made his heartfelt eulogy about Uncle Ho in his red wreath with the words: With respect to Great President Ho Chi Minh. Our people appreciate your lesson of nothing more precious than independence and freedom. Please rest in peace. You deserve the high regard of the entire humanity.

The friendship and cooperation between Vietnam and the world community have been fruitful with the increase of business in all fields. In 1994, we granted licenses to 350 foreign projects with a total capital of \$3,500 million, an increase of 27 percent to 1993. Therefore, as a result of the implementation of the renovation policy, we have granted more than 1,000 licenses with a total registered capital of more than \$10,000 million to more than 700 companies of 45 countries.

The year 1994 is drawing to an end, but its fine events on the relations between us and our international friends will continue and flourish with the time. This allows us to confirm that our external relations in 1995 will be further heightened and improved for the benefit of our undertaking of national industrialization and modernization and our striving for the goal of prosperous population, powerful country, and equitable and civilized society.

Foreign Investment Over Past Year Reviewed

*BK1912134894 Hanoi Voice of Vietnam in English
1000 GMT 19 Dec 94*

[FBIS Transcribed Text] The Voice of Vietnam now brings you a special report on six years of operations of the Law on Foreign Investment in Vietnam.

Over the last six years of implementing the Law on Foreign Investment, Vietnam's State Committee for Cooperation and Investment [SCCI] has issued more than 1,000 licenses to 50 countries. They have a prescribed total capital of more than \$10 billion. Two billion dollars or 30 percent of the total prescribed capital had already actually been invested in Vietnam. The ratio is appropriate to reach all international practices. At present, 48 out of 53 provinces and cities in Vietnam have foreign-invested projects.

It is noticeable that investment capital has increased year after year. From 1988 to 1992, it increased 1.6 percent each year. It increased 6 percent in 1992, equal to the amount of the entire previous four years. If in the period from 1988 to 1990, foreign investors came to Vietnam mainly to inquire into business opportunities rather than seek licenses, the situation is completely different now. Investment from 1988 to 1994 was \$3.5 million [figure as heard]. In 1992, it was \$7.6 million. In 1993, it was \$9.9 million. One hundred and twenty-eight licenses have been granted to 100-percent foreign-invested projects with a total capital of \$740 million.

Remarkable changes in investment structures have occurred. From the two years ending 1990, investment capital concentrated mainly in oil and gas and hotel sectors. From 1991 onward, investments in industry have increased remarkably, with 518 projects representing 70 percent of all investments. This is gone into 19 industries, namely information, telecommunications, oil and gas, chemical, mining, electricity, electronics, textile and leather, and garment.

Investment patterns have also changed geographically. If in the first period, three-fourths of projects concentrated in Ho Chi Minh City, Dong Nai, and Ba Ria-Vung Tau, now more projects have been carried out in the south, central Central Highlands, and Red River Delta. Large joint ventures are the \$300-million cement production plant in Hai Phong with a capacity of 2 million tonnes, the Den Industrial Center in Dong Nai Province worth \$220 million, and the Hiep Phuoc Textile Mill worth

\$250 million. Thirty-five foreign banks have opened branches in Vietnam. Twenty-five international air companies have connected flights to Vietnam.

Speaking about the effectiveness of these six years of implementation of the Law on Foreign Investment, Mr. Dau Ngoc Xuan, chairman of the SCCI, said: After six years of cooperation and doing business with foreign countries, investment and joint ventures have created a good volume worth \$800 million, \$211 million of which is being secured by the state budget, and \$300 million were for export. Seven months after the lifting of the United States embargo, 10 projects belonging to United States companies with a total capital of \$187 million were licensed. Though economic effectiveness was not really high, 60,000 more jobs were generated. The management skills of Vietnamese cadres have been improved, and the Vietnamese people have adapted their working styles suitable to industrial production.

In general, investment and cooperation with foreign countries have been very beneficial to Vietnam. However, there remain problems to be solved. There is a need to improve the environment, develop the economy, improve security and national defense, improve the management capacity, and specially, to carry out administrative reform. To facilitate foreign investment, it is necessary to eradicate inertia, backwardness, bureaucracy, and to simplify investment procedures.

Vietnam will allow different investment forms, including BOT, or build, own, and transfer, and others. Vietnam also takes urgent but cautious steps to incorporate enterprises able to cooperate with foreign partners in large projects. Mr. Xuan said that in the coming years, Vietnam will attract foreign investment into industries such as exploration, exploitation, and processing of oil and gas; construction of industrial centers in large cities and localities; cement production; metallurgy; telecommunications; and transport and communications.

Keeping its investment directions, Vietnam wishes to attract more foreign investment in 1995.

Government Drafts Regulations on Foreign Investment

*BK1612162294 Ho Chi Minh City SAIGON GLAI
PHONG in Vietnamese 4 Dec 94 p 1*

[Report by V.D.]

[FBIS Translated Text] According to reliable sources, the government has drafted "Regulations on Shaping Up, Examining and Approving, and Carrying Out Projects Directly Invested in by Foreign Countries." According to the draft, the prime minister has decided that those projects under Group A in the list of projects open for foreign investment for each given period of time will include infrastructure projects such as those for building industrial complexes and processing zones; BOT [Build-Operation-Transfer] projects; projects with an investment capital of over \$40 million belonging to such

sectors as electricity, mineral ore exploitation, oil and gas exploitation, metallurgy, cement, basic chemicals, engineering, seaports, airfields, and telecommunications; cultural, press, and publishing projects; projects in the fields of national security and defense; and projects that require the use of more than five hectares of land each. Other projects under Group B will be decided by the chairman of the State Commission for Cooperation and Investment [SCCI].

The time needed for the SCCI to examine, approve, and license an investment project under either Group A or Group B will be shortened to no more than 45 days. The time needed for the deployment of various steps of a licensed project such as asking for permission to lease a piece of land or for a construction permit will also be shortened considerably.

As for the management over the operations of foreign invested enterprises, the draft stipulates that provincial people's committees will exercise state management functions regarding all enterprises located within their areas of responsibility (this management duty was previously placed under the jurisdiction of the SCCI). When faced with problems exceeding their authority, relevant provincial people's committees must seek the cooperation of responsible ministries and the SCCI for resolution.

Committee Sets Licensing for Foreign Ventures

*BK1712120994 Hanoi Voice of Vietnam in English
1000 GMT 16 Dec 94*

[FBIS Transcribed Text] A series of new criteria have been established by the State Committee of Cooperation and Investment for granting licenses to foreign investment ventures in the garment and hotel industry.

Projects that can now be managed and implemented by local enterprises without financial assistance will not be granted licenses for foreign investment. Job-work projects in the garment industry and hotel that do not meet international three-star standards fall within this category. Foreign investment projects in garment and shoes industry that do not include full accounting of material cost and sale price in the statement of account will not be allowed.

A minimum of 85 percent of products made by the joint ventures or firms under economic cooperation contracts will be exported. In case of enterprises with 100 [percent] foreign investment, the minimum export quantity is 90 percent of output.

*** Daily Comments on Mobilizing, Using Capital**

952E0025A Hanoi NHAN DAN in Vietnamese 18 Oct 94 pp 1, 4

[Editorial: "Mobilizing Capital Is Tied In With Using it Effectively"]

[FBIS Translated Text] The policy regarding capital is a major policy in industrializing and modernizing the nation. Many economists calculate that to increase national income by one dong it would be necessary, in addition to other factors, to invest between 2 and 2.5 dong of capital.

There are two sources of capital: domestic capital and foreign capital. Domestic capital always plays the decisive role and foreign capital is very important. The component structure of domestic capital includes many types: money, materials, natural resources, minerals, labor, and scientific knowledge, among which money is the most widespread, all-encompassing, and flexible source of capital. In each different phase, our party and state have had management standpoints and policies regarding the mobilization of all kinds of capital. Trillions of temporarily idle capital among the people, businesses, mass organizations, and other social organizations have been mobilized to serve the construction of key economic projects.

But in the process of implementing the capital policy many deficiencies are being exposed. Capital, always in short supply, has been used wastefully or inefficiently, and the capital recovery rate has been slow. Therefore, the shortage of capital has become even more severe and has even resulted in debt. Therefore, a matter of principle in mobilizing capital is to tie it in with using it effectively. Ordinarily, wherever it is easy to do business and earn high profits, people will invest there. No one would be so crazy as to invest somewhere where there is no future or there is a danger capital will be lost, so the ineffective use of capital will lead to inability to mobilize additional capital. The effective management and use of capital is a way to create and develop capital as certainly as possible. Therefore, no matter whether the scale is large or small, whether in an entire sector or in an enterprise, there must be correct short-range and long-range strategies to use capital in an effective, economical way. Capital must be invested according to a plan and economic justifications must be approved. Tendencies toward partialism, arbitrariness, and playing to strengths must be opposed. It is necessary to concentrate on giving priority to investing capital in places, work sites, and economic projects in the state plan that are feasible, realistic, and effective.

The investment policy and mode of our state during the next few years will only be to provide capital for projects which cannot directly return the capital. As for the other work sites and projects, it will primarily apply the forms of credit or contributing shares. Those modes, which are entirely in accord with a commodity economy, are intended to increase the material responsibility of each enterprise and workers, so that they will make careful calculations that are applicable to their circumstances. Should they borrow little or much? Where should they borrow and when, and what should they do so that "one unit capital results in four units of profit" and so that "profit begets profit," in order to contribute to preserving and developing society's capital? With regard to

the feasible projects, which positively affect the economic-social activities, the financial and banking sectors cannot refuse to provide capital, only lend a small amount, as if doing a favor, or divide capital evenly, which would slow down the construction rate of a project, waste manpower and materiel, increase waiting time, and delay bringing the project into operation.

The authority and responsibility of the sectors, localities, and basic units in creating capital and in mobilizing and raising capital effectively and safely have recently been renovated and clearly defined, thus creating a new motive force that everyone supports. Economizing—in capital construction and in on-going consumption—is an important aspect of using capital. To use capital at the right time and in the right place, and to increase the circulation of capital, is to increase the supply of capital and improve its effectiveness.

Our country is still poor, so managing and using capital safely and effectively for the common benefit is not only a principle but is a matter of conscience and virtue on the part of everyone. It is also a big, important responsibility of our entire party and population on the path of industrializing and modernizing the nation.

* Preparations for Council Elections Described

952E0027A Hanoi PHU NU VIETNAM in Vietnamese
7 Nov 94 p 1

[Article by Mai Trang: "People's Council Elections at All Levels Truly Democratic, in Accordance With the Law, Safe, and Economical"]

[FBIS Translated Text] In only a little more than 10 days, voters all over the country will go to polling places to elect people's councils at all levels, thus truly exercising their democratic right in accordance with the law. Each of the voters will receive a ballot and carefully weigh the slate of candidates in order to select virtuous, talented people to the people's councils at all levels and contribute to building local government "of the people, by the people, and for the people."

It is necessary to review all aspects of how preparations to hold the elections have been carried out.

The Communist Party of Vietnam [CPV] Secretariat issued a directive on leading the elections of people's council delegates at all levels for the 1994-1999 term, which stressed the responsibility of the local party committees and administrations in ensuring that the elections are truly democratic, are in accordance with the law, and are safe and economical. Carrying out that directive, and on the basis of the law organizing people's councils and people's committees and the law regarding the election of delegates to people's councils (amended), which were approved by the National Assembly, the Government's Cadre Organization Department, in coordination with the Office of the Government, the central committee of the Vietnam Fatherland Front, the office of the CPV Central Committee, the Ministry of National

Defense, the Ministry of Interior, the Ministry of Finance, the Central Cultural-Ideological Department, and the Ministry of Culture-Information, is drafting documents to guide and direct the elections. First of all, conferences were held to begin the election work in 53 provinces and the departments, ministries, and mass associations all over the nation. The delegates attending the conferences agreed unanimously with the policies and measures delineated in the guidance documents of the party, the government, and the central committee of the Vietnam Fatherland Front. At the same time, the delegates exchanged experiences about elections of previous terms, such as propagandizing the elections, drafting lists of voters, resolving complaints and denunciations by citizens, and training election teams. The delegates also spoke about the difficulties that arose in the localities in order to have positive guidelines to take the initiative in overcoming them. The Ministry of Interior and the Ministry of National Defense coordinated with the Government Organization Department in drafting plans to ensure safety for the elections. Coordinating with the Vietnam Fatherland Front Central Committee, its component organizations, such as the Vietnam Confederation of Trade Unions, the Vietnam Women's Federation, the Vietnam Veterans Association, and so on, the Government Organization Department notified and directed their lower echelons to participate in the election work. On that basis, the local party committees and people's committees drafted election plans that were in accord with the local situation and with the laws. At the end of August, election councils were organized at all levels, with responsibility for drawing up voter lists, organizing conferences to introduce candidates, preparing the ballot boxes and seals, and distributing election guidance documents and materials to each election team in a timely manner. Many localities fully utilized the material conditions and facilities of previous elections, thus saving hundreds of millions of dong. In Ha Giang and Soc Trang the initiative was taken to prepare ethnic minority language versions of the election law in order to propagandize among the ethnic minority people. Ho Chi Minh City has prepared many propaganda songs for the election. In the army, the election work has been carried out very strictly and in accordance with the law. The military command of Cao Bang Province sent a group of cadres, along with mobile communication facilities, to eight villages in high-altitude areas in Bao Lac District to help the localities propagandize the election among the ethnic minority people. At the end of September, the government approved 1,205 election units nationwide. The provinces, municipalities, and districts have also completed the consideration and approval of election units and the number of delegates to be elected in each unit at the district-precinct and village-ward levels.

Especially, the mass communication media have contributed in a timely way to bringing about a transformation in the election work, so that the people's council elections at the three levels to be carried out on 20

November of this year can become a political activity that is democratic and in correct accordance with the law. The ratios of non-party members, women, and youths must also be in accord with the principle of selecting people who are virtuous and talented and are determined to industrialize and modernize the country in the renovation period. Many newspapers have been concerned with reflecting the thoughts, aspirations, and recommendations of the voters and to ensure that the people on the slate of candidates meet the requirements stipulated in Article 3 of the Election Law, and that people who have broken laws, have been involved in corruption, who do not have management ability, have failed in business, and have allowed their debts to pile up and are unable to repay them are resolutely removed from the list of candidates.

The results of inspections of the election work nationwide by nine groups—the standing committee of the National Assembly, the Vietnam Fatherland Front Central Committee and its component organizations, and the staff organs of the Government, such as the Government Office and the Government Cadre Organization Department—showed that the election councils at all levels have been set up in correct accordance with the law and have sufficient combined strength to be victorious in holding the people's council elections at the three levels. Election conferences held in accordance with the rules recommended by the Vietnam Fatherland Front Central Committee were carried out strictly at all levels. The provinces of the Mekong Delta and some northern provinces experienced storms and flooding that directly affected the lives of the people, but with the timely guidance of the CPV Central Committee Secretariat, the state, and the party committees and administrations, the localities proved to be very close to the people, both helping them to quickly stabilize their lives and making good preparations for the elections. Especially, they took full advantage of those opportunities to select candidates who have shown their skill and determination in the face of difficulties and challenges. Many localities have accepted the corrections and supplements of the inspection teams with regard to the election work, and promptly readjusted the make-up of people's council

delegates, so the number of delegates who are not party members, are members of mass associations, are representatives of the economic components, or are women has increased in comparison to previous terms. However, some places still tend to nominate too few people, which results in "round voting." A considerable number of localities heavily emphasize the provincial-municipal level and pay little attention to the elections at the district-precinct and village-ward levels. There have also been instances of unequal treatment of candidates who run for office on their own and failure to solicit the opinions of voters where people who are nominated or run on their own live and work.

Nor has adequate attention been paid to weak and deficient places and to such key areas as islands, border areas, areas deep in the interior, and distant areas, so that there can be specific plans to assist them and ensure that the people there can exercise their right to vote on the national election day.

Those are the problems requiring continuing leadership and guidance in order to successfully conclude the election of people's council delegates at all levels.

During the recent period, members of women's association committees have served as members of the election councils at all levels. Many of them have overcome difficulties caused by flooding to help women and people in general to attain the slogan, "whole leaves help torn leaves" in the election work, and have even shown a sense of responsibility in caring for women who have been nominated by the people for election to people's councils at all levels. In general, the ratio of women in this election is rather large in comparison to previous elections. Only in six provinces is the ratio of women less than 20 percent. Although those initial results are encouraging, the responsibility of the women's association chapters does not stop there. They are responsible for actively participating in people's council elections at all levels that are truly democratic, are in accordance with the law, and are safe and economical, and also for encouraging all female voters to serve as activists in the elections by voting correctly, fully, and in accordance with the regulations.

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